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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA
ERIE DIVISION

UNITED STATES OF AMERICA, ex rel. DILBAGH SINGH, M.D., PAUL KIRSCH, M.D., V. RAO NADELLA, M.D., and MARTIN JACOBS, M.D.,	)	
Plaintiffs,	)	
vs.	)	Civil Action No. 04-186E
BRADFORD REGIONAL MEDICAL CENTER, V&S MEDICAL ASSOCIATES, LLC, PETER VACCARO, M.D., KAMRAN SALEH, M.D., and DOES I through XX,	)	
Defendants.	)	

DEPOSITION OF CORPORATE DESIGNEE OF

BRADFORD REGIONAL MEDICAL CENTER

THURSDAY, JULY 26, 2007

Deposition of CORPORATE DESIGNEE OF BRADFORD REGIONAL MEDICAL CENTER, called as a witness by the Plaintiffs, taken pursuant to Notice of Deposition and the Federal Rules of Civil Procedure, by and before Joy A. Hartman, a Court Reporter and Notary Public in and for the Commonwealth of Pennsylvania, at the offices of Horty Springer, 4614 Fifth Avenue, First Floor, Pittsburgh, Pennsylvania, commencing at 10:03 a.m. on the day and date above set forth.

APPEARANCES:

On behalf of the Plaintiffs:

Stone Law Firm
Andrew M. Stone, Esquire
1400 Allegheny Building
Pittsburgh, Pennsylvania 15219

On behalf of the Defendant Bradford Regional Medical Center:

Morty Springer
Dan Mulholland, Esquire
4614 Fifth Avenue
Pittsburgh, Pennsylvania 15213

On behalf of the Defendants V&S Medical Associates, LLC, Peter Vaccaro, M.D. and Kamran Saleh, M.D.:

Fox Rothschild
Carl J. Rychcik, Esquire
625 Liberty Avenue, 29th Floor
Pittsburgh, Pennsylvania 15222

ALSO PRESENT:

John Rice, Morty Springer

Pat Donaldson, Morty Springer

Tina Marie Hannahs

Glen Alan Washington

George Leonhardt

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CORPORATE DESIGNEE DEPOSITION OF BRADFORD REGIONAL MEDICAL CENTER BY TINA MARIE HANNAHS GLEN ALAN WASHINGTON AND GEORGE LEONHARDT

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(Deposition Exhibit Nos. 1 and 2 were marked for identification.)

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TINA MARIE HANNAHS, called as a witness by the Plaintiffs, being first duly cautioned and sworn, as hereinafter certified, was deposed and said as follows:

EXAMINATION

BY MR. STONE:

Q. Ms. Hannahs, my name is Andrew Stone. I represent the plaintiffs in this case that is brought under the Federal False Claims Act in the Federal Court for the Western District of Pennsylvania.

I am going to be asking you a series of

questions today relating to financial and billing matters at the Bradford Regional Medical Center.

Am I correct in understanding that you have been designated as the person at the hospital that is knowledgeable with regard to billing matters and financial reports?

MR. MULHOLLAND: Yeah, I think we have designated Ms. Hannahs to answer questions concerning the claims spreadsheets that were part of the Notice of Deposition.

I don't know that she has full knowledge of all the financial matters, but that would be, as I understood the notice, that would be beyond the scope of the deposition notice.

MR. STONE: Then the understanding is that consistent with the notice, she is the witness that is provided to testify with regard to the spreadsheets?

MR. MULHOLLAND: That's correct. Yes. She prepared the spreadsheets, and she can answer questions about the spreadsheets and what is on them.

Mr. Stone, before we get going, we just

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might want to put on the record we have agreed to have Plaintiffs' Exhibits 1 and 2 made part of the record.

Those are copies of the Protective Orders that are currently in effect in this case. Is that correct?

MR. STONE: Yes. That's stipulated to by the Plaintiffs, and that is fine.

MR. MULHOLLAND: Carl, that is okay with you?

MR. RYCHCIK: Yes.

Q. Ms. Hannahs, could you please state your full name for the record?

A. Tina Marie Hannahs.

Q. A couple of preliminary matters: Have you ever been deposed before?

A. No.

Q. Well, let me just tell you up front that if at any time you do not hear my question or if you don't understand it, please stop me, and I will be happy to repeat or rephrase the question so that you understand it.

Also, I would like you to respond to the

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questions verbally, because it is very difficult for the court reporter to take down a nod of the head or a gesture. Do you understand that?

A. Yes.

Q. Ms. Hannahs, what is your job title?

A. I am the Director of Revenue Management.

Q. And your employer is the Bradford Regional Medical Center; is that correct?

A. Yes.

Q. How long have you been in that position at Bradford?

A. Four years.

Q. Prior to that, did you hold any other position at the Bradford Regional Medical Center?

A. Yes.

Q. What position was that?

A. I was the Director of Patient Accounting.

Q. How long had you held that position?

A. I don't know what the exact -- the title change time frame, I don't know when that was.

Q. I don't need exact dates.

A. Yeah.

Q. I am just trying to get a sense of your

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history, your work history at the hospital. Did you hold any other positions at the hospital?

A. Yes.

Q. Why don't you start with when did you first start working there?

A. Okay. February of 1991.

Q. What was the position you started in?

A. I was a clerical person then in the Patient Accounting Office.

Q. And did you move up from there?

A. Yes.

Q. What was your next position?

A. I was a Supervisor in the Patient Accounting Office.

Q. Okay.

A. And then the Director of the Patient Accounting Office, and then the Director of Revenue Management.

Q. Then as you testified, that was approximately four years ago?

A. Yes.

Q. Now, as the Director of Revenue Management, can you describe for us what your duties are and your responsibilities?

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A. My primary duty is to oversee the processes involved in the revenue cycle of the services that we provide from the time that the patient is registered until the time that we send the bill to the third party.

Q. So you would have experience and knowledge with regard to everything from patient billing to collections and everything else; is that right?

A. Yes.

Q. Before taking employment with the hospital, had you worked anyplace else?

A. Yes.

Q. Where did you work before you worked at the hospital?

A. I worked at Siegel Management, Siegel Shoes Management in Olean, New York.

Q. What did you do there?

A. I was a bookkeeper.

Q. And how long did you work at that job?

A. Two years.

Q. Prior to that?

A. Wow. Oh, I'm just thinking of how -- prior to that?

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Q. Yes.
A. I worked at Bradford Regional again. There was a time that I worked there before.
Q. What did you do the first time you worked there?
A. I worked in the IT Department.
Q. What is your educational background, Ms. Hannahs?
A. I have an Associate's in Computer Programming.
Q. Where is that from?
A. The University of Pittsburgh at Bradford.
Q. What year did you graduate?
A. 1986.
Q. And do you have any other training or education that is post undergraduate?
A. No.
Q. Any other degrees or certificates other than associate's degree?
A. No.
(Whereupon, Mr. Glen Washington left the conference room.)
Q. Could you explain to us the process for submission of claims at Bradford Regional to, let's

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say, the Medicare program? Can you explain to us how the bills are generated and submitted to the Medicare intermediary?
MR. MULHOLLAND: I just object to the extent this goes beyond what she has been designated to testify about, mainly, the explanation of the claims spreadsheets produced by BRMC. But to the extent your question has to do with those spreadsheets and the extent to which any claims processing would be reflected on the claim sheets, I think she can answer.
Q. Do you understand my question?
A. Nope.
MR. STONE: Do you want to read back the question?
(Previous question read back.)
A. There's -- at what point in time? There is -- when the patient presents?
Q. Yeah. Start from the beginning.
A. When the patient presents at that facility?
Q. Yes.
A. The patient would present themselves at the facility with a physician order for a specific test.

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At that point in time, the registration staff will take the demographic information from the patient and create an account number that includes the ordering physician, the reason for exam, and the patient's insurance.
The patient then goes to the department, has the services performed. The department then charges for the specific services that they have been given.
There is a five-day type of hold between that time; and when the charges are posted in the information system, the coding staff assigns the appropriate ICD-9 code that is reflected on the physician order.
A bill drops from that system into our billing system. Through that billing system, we create what is called a UB-92 claim form. Those claims forms are then batch filed, created in a batch file, and put through our billing vendor, and then sent off to the appropriate third party for payment.
Q. Now, you have described a process that starts with the original intake information.
A. Yes.
Q. And then ends with the electronic submission of

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a bill in a batch form --
A. Uh-huh.
Q. -- to the intermediary.
A. Yes.
Q. It sounds to me like there are a couple of points in that process where information is entered into some kind of a database; is that correct?
A. Yes.
Q. Is it a single database that would cover the patient intake information and also the coded billing information? Is that all a single program or system that you use?
A. No.
Q. Are these more than one system that are somehow tied together?
A. Yes.
Q. Can you explain to us the systems that are involved, the different software programs or systems that are involved?
A. Okay. Again, there is a clarification that needs to occur, because there is a time when prior to 3-1 of 2005, there is a different system. After 3-1-05, there is a difference.

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Q. I was going to ask you currently, and then I was going to ask you whether that has changed.
A. Oh, okay.
Q. But that is fine. If you want to explain the difference as you go along, that would be fine.
A. Uh-huh.
Q. So you can just explain it, as best you can, noting the differences in the period before March of 2005 to the system that is currently in place.
A. Currently, we use Meditech for our hospital information system, and it is a fully integrated system with regards to the ancillary department charging and the coding aspect of the claim and the billing, the bar part of Meditech.
We transfer that batch file into a different claim submission system which is called Premise.
Q. So it gets transferred to the Premise system for the actual bill?
A. Yes.
Q. Now, prior to March of 2005, I am assuming you had a system different from Meditech; is that right?
A. Yes.
Q. What was the name of that system?

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A. A4 Health Systems.
Q. A4 Health Systems?
A. Yes.
Q. A as in apple with the number 4 after it?
A. Yes.
Q. How did that program differ from the Meditech program?
A. Exactly the same process.
Q. So it was the same process? It was just a different vendor or a different product?
A. Yes.
Q. Again, the information was then transferred or the data was transferred to the Premise system for the actual generation of the bills?
A. Yes.
Q. Now, you referred to the form UB-92 form that is prepared in connection with the bill; is that right?
A. Yes.
Q. I am going to show you a document which we will mark as Exhibit No. 3.
(Deposition Exhibit No. 3 was marked for identification.)

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Q. I am going to ask you if you could identify that particular form as something that you have worked with?
A. Yes.
Q. That is what is known as a UB-92 form?
A. Yes.
Q. And is this used in connection with billing the Medicare program?
A. Yes.
Q. What about other programs, other government programs or other payors?
A. Yes.
Q. So it is a standardized form that is used generally in the industry for billing of hospital services?
A. Yes.
Q. Would this be used for billing Part A, as well as Part B services?
A. Yes.
Q. In the case of Medicare, this would be submitted to an intermediary; is that right?
A. Yes.
Q. Who is the Medicare intermediary for Bradford

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Regional Medical Center?
A. Veritus Medicare.
Q. And is that intermediary the same, regardless of whether they are Part A claims or Part B claims?
A. Yes.
Q. So Veritus is the Part A intermediary, but Part B claims are submitted, if they are submitted by the hospital, also to Veritus?
A. Yes.
Q. Now, am I correct that the UB-92 has several fields that are identified with particular numbers; is that right?
A. Yes.
Q. And who completes the UB-92 form?
A. Back to the process, the data is entered as the patient moves through -- from the time of point of service.
Q. Well, let me ask you: Is information entered on this form at the time that the patient first comes to the hospital; in other words, the intake information and --
A. Yes.
Q. -- and the demographic information is received?

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A. Yes.
Q. So the patient's name would be entered at that point?
A. Yes.
Q. Is that right?
A. Yes.
Q. Address, insurance, whoever the insurance company is?
A. Yes.
Q. If there is no insurance, that would be noted; is that right?
A. Yes.
Q. Would there be, I guess, information about the admitting physician that would be input at that time?
A. Yes.
Q. Would that be in field 82; is that right?
A. Yes.
Q. It says "Attending Physician." Is that the same thing as admitting physician?
A. Yes.
Q. Under block number 83, there is a field for "Other Physician." What does that indicate? What information goes in there?

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A. I would need to give you an example of how that would --
Q. Okay. Give me an example.
A. If we have a patient who comes in for a medical/surgical reason, and his doctor is Dr. Smith, and during that same time frame, he had a minor procedure done, an EGD, for example, the physician who performed the EGD would appear on line 83.
Q. So if there is a service that is, I guess, ancillary to the main service, it would be identified?
A. No.
Q. Okay. Maybe I am misunderstanding.
A. It would be only if it was something that that original physician did not order or perform himself.
Q. So if there was a second physician that performed services, that would be identified in block 83?
A. Yes.
Q. Is there any place to indicate a referring surgeon, a referring physician?
A. (No response.)
Q. In other words, if a patient is admitted to the hospital for a surgical procedure and was referred

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from, let's say, a family doctor or an internist for a procedure that was going to be done by a surgeon, whose name would appear on line 82?
A. The surgeon.
Q. The surgeon? Not the family doctor that referred the patient in in the first place?
A. No.
Q. No?
A. No.
Q. In the case of a diagnostic test, how would the physician performing the diagnostic test be identified?
A. Are you referring to the physician who ordered the diagnostic test?
Q. Well, two questions. I guess it would be the same physician, but if there was a physician that ordered the test, and then a separate physician that actually performed the test, would both of those physicians be identified on the form?
A. The ordering physician.
Q. The ordering physician. Would the physician that performed the test, would they be identified anywhere on the form?

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A. You need to clarify that question.
Q. Okay. We will come back to that.
Now, in the case of a Part A claim, would the provider number for the hospital be identified on this form?
A. Yes.
Q. And which field is that?
A. Field 51A.
Q. And do you know the provider number for the Bradford Regional Medical Center?
A. Yes.
Q. What is it?
A. 390118.
Q. 290 --
A. 390.
Q. 390 --
A. -- 118.
Q. And that is for Medicare; is that right?
A. Yes.
Q. Is that the same number that is used for the Medicaid program and other --
A. No.
Q. What is the provider number for the Medicaid

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program?
A. I don't know that offhand.
Q. You don't know. Okay.
Now, you described a process where some of the information that ends up on the UB-92 is actually -- it actually comes at the beginning of the process when the patient presents at the hospital for the first time. You also indicated that after the procedure is performed at the hospital, information about what tests were performed would then get entered into the system; is that right?
A. Yes.
Q. What is the process by which that information gets into the program?
A. The department that is performing the service, the test, they enter their charge for that exam into the system.
Q. And would that be the information that shows up in the middle part of the UB-92?
A. Yes.
Q. So there would be a description of the service?
A. Yes.
Q. And then, I guess, there would be the code in

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field No. 44, the HCPCS code; is that right?
A. Yes.
Q. That number, I guess, is similar to a CPT code? Is that right?
A. Yes.
Q. Is it the same as the CPT code, or is this a separate, a different number?
A. There is certain different levels of coding. This is the HCPCS code, and then there is the CPT code and there is also Level 2 codes. That just designates whether it is five numbers only, five units, and a letter, or a three-digit.
Q. And it would also indicate in those middle fields the date of the service and the charges, right?
A. Yes.
Q. And then any uncovered charges?
A. Yes.
Q. Now, is all of that information provided by the department that is performing the test, or is some of that information actually put in by somebody else?
A. The actual -- that information -- the charging department has a charged number that they put in there, and they also enter the service date, and the

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charge itself is then linked on my billing side to say if I charge a single view chest x-ray, I print revenue center X, I print code X, and this is the amount I charge.
Q. The amount is automatically calculated in the program? Is that what you are saying?
A. It is in the bar side. It is a standard amount.
Q. Now, we are talking about this information coming in and ending up on the UB-92. I am assuming that the data entry is coming in through the Meditech system; is that right?
A. Yes.
Q. Or I guess, previously, it was the prior system that was, I think you said the A4 Health Systems; is that right?
A. Yes.
Q. And so all of that information that is coming into the system is coming in through those particular programs, right, either the Meditech or the A4 Health Systems?
A. Yes.
Q. And the UB-92 is actually something that is

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generated from all of the data that is being put in; is that right?
A. Yes.
Q. Is there information that is going in that is not necessarily showing up on the UB-92, or does the UB-92 pretty much reflect all of the information that is going in?
A. (No response.)
Q. Do you understand what I am saying? Is there data that is going into the system that is not related to the UB-92? Is there other data that is tracked in the system?
A. We print out on the UB-92 what is required to submit a claim to a third-party payor.
Q. I understand that. I am just asking whether there is other information that you collect, other data?
A. I don't know.
Q. Well, it is all really geared towards generating a bill; is that right?
A. (No response.)
Q. Generating the UB-92, is that sort of the end result of your process?

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A. Of my process, yes.
Q. Now, the fields that you are — the fields that you are working with on the UB-92, this data is stored within the system; is that right?
A. Yes.
Q. In other words, it doesn't go away, once the bill is submitted to the intermediary?
A. No.
Q. So it is stored within the database. Is that right?
A. Yes.
Q. My assumption is that you are submitting your claims electronically. Is that right?
A. Yes.
Q. Do you also generate a hard copy of the UB-92?
A. No.
Q. How long are you required to maintain the information that ends up in the UB-92?
A. Ten years.
Q. So, presumably, you have information at this point going back to at least 1997?
A. Yes.
Q. Now, you were identified, I believe, in

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interrogatories as a person who assisted in preparing answers in connection with this lawsuit; is that right?
A. Yes.
Q. And do you recall being asked to put together a certain spreadsheet or a compilation in connection with this lawsuit?
A. Yes.
Q. What were you asked to do?
MR. MULHOLLAND: Object to the extent that it gets into any discussions with counsel. If you want to phrase it differently in terms of what she did relative to the spreadsheet, rather than what she was asked to do, that might be a different issue.
MR. STONE: Okay. That is fine.
Q. What did you do in connection with your preparation of the spreadsheet?
A. I ran reports for doctor-referred services from Dr. Vaccaro or Dr. Saleh for a specific time frame.
Q. What was the time frame that you ran it for?
A. I don't --
Q. I can show you the documents, and you can refer

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to them if you want. These were documents that were printed from a disc that your counsel provided a couple of months ago, and we printed them out in a hard copy so that we could refer to them in the deposition.
MR. MULHOLLAND: Are these identical copies, or are these two different things?
MR. STONE: Well, it looks like -- I think these are two different things here. I will take this one back.
MR. RYCHCIK: Are we marking these as exhibits?
MR. STONE: Yeah. We are on Exhibit 4 and 5.
MR. MULHOLLAND: Which one is 4 and which one is 5?
MR. STONE: Let's make this one 4 and this one 5, and we'll mark these others, as well, as 6 and 7.
(Deposition Exhibit Nos. 4, 5, 6, and 7 were marked for identification.)
MR. MULHOLLAND: Before we get into the questions on this, I note that these documents

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do contain information about patients and would be considered Protected Health Information under the Protective Order.
MR. STONE: Oh, I agree with that, and I don't have any problem with that.
Q. Ms. Hannahs, if you would look at these spreadsheets, I guess look at -- let's start with 4 or 5 or 6 or 7, whichever one you want to review. I guess my question had to do with what time period you prepared these spreadsheets for.
A. These specific -- this Exhibit 4 was for dates of service 3-1-05 through 12-31-2005.
Q. Is there a reason why you prepared these spreadsheets for that particular time period?
A. Yes.
Q. What was the reason?
A. 3-1-2005 was the date that we switched to Meditech.
Q. And prior to March of 2005, you would have been on the A4 Health Systems; is that right?
A. Yes.
Q. Is that a system that you cannot generate a spreadsheet from?

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A. No.
Q. So the information that you produced from the Meditech system is information you can produce from the A4 Health Systems program?
A. There is an explanation that goes along with that.
Q. Okay.
A. The A4 Health Systems, the data elements that are in this specific -- that would match with this specific report out of Meditech are stored in a separate system that is called Dataview.
Q. Do you have access to Dataview?
A. I only -- yes.
Q. And if you accessed Dataview, would you be able to generate the same kind of a spreadsheet?
A. No.
Q. Why not?
A. The reporting function within Dataview is something that I cannot do.
Q. And why is it that you can't do it?
A. I don't know if that is our --
Q. Are you not competent technically? Is that the problem, or is it that the information is not

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accessible by anybody?
A. It would be that I -- yeah. I technically cannot do it.
Q. Is there somebody at the hospital that can prepare that spreadsheet that is technically competent to do that?
A. I don't know.
Q. Well, I guess in the period before you took this position, I guess, four years ago, was there somebody that was in this position that worked with the A4 Health Systems that could prepare that report?
A. Yes.
Q. And who is that?
A. It would be someone in our IT Department.
Q. Are they still there?
A. Yes.
Q. Did you make any inquiry whether somebody could help you prepare that spreadsheet?
A. The -- again, there is an explanation to that.
Q. Okay.
A. We can produce the data, but it is in different -- I can give you a report that gives only the account number. I can give you a report that

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gives you certain data elements that look similar to this report. Well, I can't, but the person in the IT Department can.
Q. Well, let me ask you: When you were preparing this, did you look at the actual request that we had provided to your attorney? Did you actually look at the request?
MR. MULHOLLAND: Maybe if you showed her the request, she might remember.
MR. STONE: Yeah, I'm going to.
Q. Do you remember seeing that?
A. Yes.
Q. Do you want to read through it?
A. Yes.
Q. Have you read it? Do you understand the request?
A. Yes.
MR. RYCHCIK: Would you identify for the record what she is reading?
MR. MULHOLLAND: Yes.
MR. STONE: Maybe the easiest thing for her would be for her to maybe read the question into the record.

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Q. Do you want to just read that question into the record?
A. This whole section (indicating)?
Q. Yes.
A. "Identify all claims submitted by or on behalf of the BRMC to Medicare, Medicaid, TRICARE, CHAMPUS, any other Federally funded health care program, for dates of service from January 1, 2000 to the present, where such claims involved a referral by V&S personnel.
"In identifying such claims, please provide the patient name, the health record number, and any other patient-identifying billing numbers, the date of the service for which the payment was sought, the date the claim was submitted, (and if the claim is a resubmission, the date of all other submissions relating to the same service), the entity to whom the claim was submitted, the service provided, the CPT, DRG, or other billing codes associated with the claim, the amount of the claim, the date payment was received, the amount of payment, the name and provider number of the physician or other provider providing the service, and the name and provider number of the

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referring physician or provider."
Q. Now, I would like you to look at the spreadsheets that you did produce, okay? We can start with 4. If you would take a look at that and if you could start with the beginning and explain how this particular spreadsheet is responsive to that request. Okay?
Just go through, I guess, if you probably go to the second or third page, I guess that is probably where the data is.
A. Correct.
Q. You don't have to -- you know, I'm not asking you to go through all of it.
A. Uh-huh.
Q. Just give me an example that would illustrate how that information is contained on the spreadsheet.
A. This spreadsheet contains the patient name, the health record number, the patient account number, it identifies the date of service, it identifies the referring physician, it supplies the total amount of the claim, and it also includes the amount of the payment.
This report only -- it doesn't include all

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these different elements that are required here, which is the issue with getting the same data out of the A4 Health Systems, because it would end up being a manual process. We could identify certain things to identify a specific patient, and then have to go into our claims system to look at the image of the UB-92 to get all of the rest of the information that is requested.
This report does not include CPT, DRG billing codes. It does not include any resubmission date. That is -- we have to go to a different system in order to get that data.
Q. Let's talk about this, and if you would look at page two of the first document, Exhibit No. 4, at the top of the page, it says -- it identifies, Medicare Part B, right?
A. Yes.
Q. Now, as I go through the rest of the document, they are in -- the claims seem to be in alphabetical order, and then when you get to the last entry, it starts over again, and I think it is because we are in a new payor --
A. Yes.
Q. -- so I think it is Medicaid comes next; is

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that right?
A. Yes.
Q. Then after that, there seem to be some other payors that are in this group.
A. Yes.
Q. The requests seem to be -- I think the requests seem to be confined to Government payors, I think, if you look at that?
A. Yes.
Q. Is there a reason why the self-pay category was included in this report? I am assuming that that would not be a -- I am assuming that those claims would not be Government -- would not be submitted to the Government, right?
A. Yes.
Q. So those really shouldn't be in there, and there may be some private insurance carriers that are also in there, some Workers' Compensation ones; is that right?
A. Yes.
Q. So those really shouldn't be part of this report?
A. Yes.

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Q. Now, going back to page two, if you would just go across the page, starting, you know, at the top column and identify the different columns of information that are here?
A. Column 1 is the Bradford Regional Medical Center, the patient account number. Column 2 is the patient's name. Column 3 is the medical record number, and the next column is the patient's age, and the patient's sex, what type of account.
Q. What do you mean by the type of account?
A. CLI means that it is an outpatient account.
Q. Okay.
A. The abstract status, whether it be final or not. Again, the patient account type, the discharge date, the referring physician, the admission date, the patient's length of stay, the total amount of charges, and the reimbursement, and then the expected DRG column is if this was an inpatient.
Q. But this particular report is for outpatients, so there shouldn't be anything in that column, right?
A. With the exception of the I&O claims.
Q. What is an I&O?
A. It is an outpatient observation claim.

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Q. So there is a DRG charge that goes along with those?
A. No.
Q. No?
A. No.
Q. Explain that to me.
A. Internally -- in the way that we code observation claims, our coding staff groups it as if it were an inpatient claim, but we don't send any DRG information on the claim, because we don't for outpatients.
Q. Now, the reimbursement, if these are all Medicare claims, is the reimbursement only monies that are actually received from the program? Is that right? There wouldn't be any secondary insurance that would be included in that amount, or would there?
A. There may be.
Q. There may be?
A. Uh-huh.
Q. So the reimbursement is not necessarily monies received from the Medicare program?
A. Yes.
Q. Do you keep track of the payment that is

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received from the Medicare program? Is that in your database?
A. Individually on each account, yes.
Q. Now, let's talk for a minute about where this information on this report came from. Did this come from the Meditech program?
A. Yes.
Q. And in order to get this particular information, did you request that certain fields that would correspond to a UB-92 field, were those requested when you put together this report?
A. Yes. Like -- yes. Such as, the time frame and the referring physician.
Q. Let's start with the patient number that is assigned. That would be information that was originally assigned to the patient when they presented, right?
A. Yes.
Q. And that would go into the Meditech system along with the patient name and address, right?
A. Yes.
Q. And other demographic information?
A. Yes.

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Q. And that would include the patient's sex and age; is that right?
A. Yes.
Q. And what is this -- what is the unit number? What does that refer to?
A. The medical record number.
Q. Would that be assigned at the time the patient presented initially?
A. No.
Q. That would come later?
A. If you are a new patient, if you have never been to the Medical Center before, then it assign you a unit number. If I have been a patient there prior to, I already have an existing medical record number.
Q. Oh, okay. I see. So that is like an account number for the patient, regardless of which procedure they are coming in for?
A. Yes.
Q. We talked about the patient's status and patient class. That would be the designation of the outpatient. Would that be information that was entered into the Meditech program early on at the time the patient presented?

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A. Yes.
Q. What about the referring physician? Where would that information have come from?
A. At the time when the patient presents.
Q. And that is the same information that would be in field 82?
A. Yes.
Q. Obviously, the date of discharge comes at a later time, right? That is not necessarily entered at the time the patient presents, right?
A. If it is an outpatient, it is.
Q. It would be?
A. Yes, because it is the same day.
Q. So all of this information is from this original intake?
A. Yes.
Q. Except for the charges, of course? Those would be added at a later time?
A. Yes.
Q. And the reimbursement would be added at a later time?
A. Yes.
Q. Now, is there any reason why when you -- well,

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when you put together this report, did you actually specify which information you wanted to generate this report?
A. This particular report is a standard report within Meditech.
Q. So it is an existing report that you would generate?
A. Yes.
Q. You didn't have to request particular fields or anything like that?
A. I requested specific fields, who the referring physician was and the time frame and the referring physician.
Q. So you specified the time frame and the particular referring physician?
A. Uh-huh. Yes.
Q. Now, one thing I had a question about was the referring physicians that were requested were Vaccaro and Saleh.
MR. RYCHCIK: Saleh.
MR. STONE: Saleh.
Q. And yet when you look at the column under physician, every once in a while, there is a different

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name there. What would be the reason why, let's say, about halfway down, it looks like there is Jobe? Do you see that?
A. Yes.
Q. Why would that be included within the sort?
A. On page one?
Q. Yes.
A. You will see on No. 4, we identified any physician of Dr. Vaccaro there.
Q. So when you say any physician of Dr. Vaccaro, in other words, Dr. Jobe is employed by Dr. Vaccaro?
A. No. Dr. Jobe is an orthopedic physician, and Dr. Vaccaro is most likely this patient's PCP or regular health physician.
Q. So the service would have been performed by Dr. Jobe, but would have been ordered by Dr. Vaccaro?
A. No. The ordering physician was Dr. Jobe --
Q. The referring physician?
A. At the time of intake -- this probably warrants an explanation.
Q. Okay.
A. At the time of intake, the ordering physician is Dr. Jobe. They want -- within their admission

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screening, there is a place to put who my family doctor is, and that is entered there, and that is for internal purposes. Sometimes they want --
Q. Tracking referrals within the --
A. Not tracking referrals. It is actually getting patient reports back to the primary physician, that the patient wants that to occur.
Q. Now, is that -- this gets back to a question I had about the UB-92. Does the information about the PCP or the family physician show up anywhere on the UB-92?
A. No, not if he is not the ordering physician.
Q. Now, getting back to the report, is this report that you generated, you said it was sort of a standardized report, but you did request it specific to Drs. Vaccaro and Saleh and also you had it specific to Medicare Part B claims, right?
A. Yes.
Q. For a particular time frame?
A. Yes.
Q. Is there a way for you to actually -- what is the name of that report? Does that report have a name? Is there a particular way you refer to this

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report?
A. The report format?
Q. Yes. Does it have a designation or a name that you refer to this type of a report by?
A. It is a compiled report.
Q. Anything more specific than that?
A. I would call it an abstracting report, because that is the database that I would get the information out of.
Q. Have you ever had to generate this kind of a report before?
A. (No response.)
Q. Is this the first time you have ever done this?
A. No.
Q. What would be the purpose? Why would you generate this kind a report? What would it be used for, other than to give it to me?
A. I would generate this report to do -- to look at specific insurance accounts through time frame periods to ensure that the payment that I expected was the payment that I received.
Q. And in this case, you customized it so that it was specific to these doctors?

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A. Yes.
Q. For these time frames?
A. Yes.
Q. Now, is there a way, when you generate that report, to add an additional element in there? Is there a way to generate a report that would also include a CPT code?
A. No.
Q. So you couldn't customize this report? You could customize it to identify the doctors, but you could not customize it to indicate for these services what the CPT code was?
A. Not off a standard.
Q. I am not talking about off a standard. I am asking you whether you could customize a report that would give you the CPT code for each one of these charges?
A. I don't know that. I wouldn't do that myself.
Q. I understand it might not be useful to you.
A. Right.
Q. I am just asking you if I asked you to do that, whether that is something that this Meditech system could do?

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A. Yes.
Q. And how long would it take you to enter that additional specification in the report?
A. I don't know. That would be an IT programming thing. I wouldn't know.
Q. Now, you worked in the IT Department for a while?
A. Yes.
Q. I assume you have some technical background?
A. Yes.
Q. Have you ever customized a report out of the Meditech system for any other purpose?
A. No.
Q. So you have only used the standardized reports that they have?
A. Yes.
Q. Who else is familiar with the reporting coming out of the Meditech system? Who else in your department or other departments could generate a report?
A. Our IT Department.
Q. Your IT people?
A. Yes.

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Q. Who is currently in your IT Department? Is there a director or a supervisor?
A. There is a director.
Q. Who is that?
A. Carol Frigo.
Q. Carol -- What?
A. F-r-i-g-o.
Q. And her title is director of IT?
A. Yes.
Q. Now, when you got this request and started to compile these reports, you realized at that time you couldn't provide this information on the standard report; is that right?
A. Yes.
Q. Did you make any inquiry of Carol Frigo or anybody else at the hospital about whether you could generate that report?
A. No.
Q. You said that the same general information that is in the Meditech system is also in your prior system, the A4 Health Systems; is that right?
A. Yes.
Q. But you are not as familiar with that program?

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A. Yes.
Q. And there is, I guess, a Dataview aspect to that, or part of that --
A. Yes.
Q. -- which is where you would have to get that?
A. Yes.
Q. Did you make any inquiry with Carol Frigo or anybody in the IT Department about how to get that same information from the A4 Health Systems?
A. No.
Q. Did you actually -- aside from possibly discussing this with your counsel, is there anybody else that you discussed this with; in other words, how to get this information?
A. No.
Q. At one point, you testified that you would have to go through the individual records and compile this information by hand, by reviewing individual records; is that right?
A. Yes.
Q. Is it your opinion that that is the only way that this information could be tracked, the information that we have requested?

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A. Yes.
Q. And that is without having talked to Carol Frigo or anybody in the IT Department?
A. Yes.
Q. Did you make any inquiry of the vendor of this software, either Meditech or A4 Health Systems?
A. No.
Q. Why did you assume that you could not generate these reports by going to talk to some of these technical people?
A. Because my understanding was that all these data elements needed to be represented for each patient that was seen, and these data elements are not all in a field that you can produce and pull together on one report.
Q. Well, on that standard report, right?
A. Correct.
Q. But they are in the database, right?
A. Yes.
Q. I mean, all the ones that we have asked for, they are all in the database?
A. Yes.
Q. Now, if you read below that, there is an answer

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below the question, and would you read that into the record?
A. "Objection. The interrogatory is vague, over-broad, and unduly burdensome. Subject to this objection, BRMC will provide Relators with certain information that may be partially responsive to this interrogatory that may be readily available from BRMC's current information system."
Q. Now, the statement that it is burdensome, is that based on your assessment that it would have to be put together by hand, rather than by generating a report from the computer?
A. Yes.
Q. Did you make any assessment of how long it would take you to put together that information by hand?
A. Yes.
Q. And what did you determine?
A. I would need to see --
MR. MULHOLLAND: Speak up.
THE WITNESS: What?
MR. MULHOLLAND: I just can't hear you.
You can answer his question.

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Q. You would need to see what?
A. Oh, yeah. I don't have that information right with me.
Q. Did you do a calculation of the man-hours, for example, that it would take to review that information --
A. Yes.
Q. -- and put it together?
A. Yes.
Q. Can you give me an approximation of how many man-hours that would take?
A. An approximation, I believe, it was like 20,000-plus hours.
Q. Do you recall how you came up with the number? Again, I don't need the exact calculation, but how you went about calculating the number of man-hours it would take?
A. I took that we would identify the patients from a report, and then take that report, look the patient up in the billing system, print out the billing form; and then from the billing form, we would get a majority of the information that was asked for. The payment dates and the payment amount would then have

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to be retrieved from each individual patient account.
Q. When you say the billing form, are you talking about you would actually go to the UB-92s; is that right?
A. Yes.
Q. So you would have to go through each UB-92 where you could get most of the information; is that right?
A. Yes.
Q. And then, I guess, payment information would be separate?
A. Yes.
Q. Did you assign a particular time frame it would take to go through each billing statement?
A. Yes.
Q. What was that?
A. I don't recall.
Q. You don't remember?
A. Yeah, I don't recall what exactly it was.
Q. If you could provide that to your counsel -- do you have that calculation somewhere?
A. Yes.
Q. If you could provide that to your counsel, so

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that we can take a look at that.
MR. MULHOLLAND: We will take that under advisement.
MR. STONE: Okay.
Q. Now, you said that this standard report was customized to the extent that you identified time frames and the particular physicians and the outpatient service. Is there any other information that could be customized in this or could be changed or modified in this standard report?
A. Yes.
Q. What other information would be available in this standard report?
A. There is a huge -- there is a Meditech listing. I don't know what they specifically are.
Q. So for -- so Meditech actually tells you the type of information you can get in a standard report; is that right?
A. Yes.
Q. And they identify different fields that you can specify.
A. To select --
Q. To select?

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A. -- accounts. Not to present on the report.
Q. When you say "to select," what do you mean?
A. (The witness indicates.)
Q. These are all the fields? Is that what you are saying?
A. Yes. These are the fields on the standard report.
Q. I guess there are a couple of columns here that are not filled in, and those would be ones that you could select, is that what you are saying, and were not selected?
A. On this, they are not there, because they are not relative to these patients.
Q. Oh, okay. What other fields would be available that we haven't gone through?
A. There are some that you can pick from.
Q. That aren't on here?
A. Yes.
Q. Well, for example, I asked you previously whether it is possible to distinguish the reimbursement amount between different payors that have paid. Could you get that information under that Meditech report --

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A. No.
Q. -- the Medicare payment, as opposed to reimbursement?
A. No.
Q. I think you said that CPT code was not available? You could not get that on this standard report?
A. No.
Q. What about there is a column here that says DRG. Could you get a DRG if this was an inpatient claim?
A. Yes.
Q. So that billing code you could get?
A. Yes.
Q. What does the "ST" stand for in that same column?
A. It is called status, and it means that it is -- it is the final DRG assignment.
Q. And what about, could you get a description of the service provided?
A. I don't know.
Q. You don't know whether that is a field that you could get?

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A. Correct.
Q. Well, certainly, if it were an inpatient procedure, the DRG would actually identify the service provided, wouldn't it, the DRG number?
A. Yes.
Q. What about the date the claim was submitted? Is that something that would be available?
A. No.
Q. No. This has date of discharge. In the case of an outpatient, that would be the same as the date of service; is that right?
A. Yes.
Q. You have identified the physician, is there a way to select the provider number of the physician?
A. Yes.
Q. That is something that you could put in there?
A. You can select it.
Q. So if I asked you to rerun this report with the physician's provider number, you could do that?
A. Yes.
Q. Let's look at No. 5, Exhibit No. 5. Can you explain how this report differs from the previous report that we just discussed?

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A. The time frame is different.
Q. And I think you said that the time frame for the other was 3-5 to 12-1, is that right, of '05?
A. 3-1-05 through 12-31-05.
Q. And this one is from what time frame?
A. 1-1-06 through 12-31-06.
Q. But otherwise, it is the same as the previous one in terms of information?
A. Yes.
Q. Now, I think we have marked the other two exhibits as 6 and 7, and let's do 7 first. What information did you provide with regard to Exhibit No. 7?
A. Exhibit No. 7 is an inpatient report from 3-1-05 to 12-31-05 for Dr. Saleh.
Q. Dr. Saleh, or Dr. Saleh and Dr. Vaccaro?
A. It is Dr. Saleh only.
Q. Dr. Saleh only. So on this report, again, he would have Medicare patients, Medicare submissions; is that right?
A. Yes.
Q. And at the end of the Medicare list, you have Medicaid; is that right?

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A. Yes.
Q. And that is divided into New York Medical Assistance and Pennsylvania Medical Assistance?
A. Yes.
Q. Then it looks like there is Veterans Affairs, and then there is SP, one patient, which is a self-pay, which, again, is not really responsive to the request. So that shouldn't be in there, right?
A. Yes.
Q. Now, with regard to this report, is this essentially the same report, the same standard report that you provided in Exhibits 4 and 5, but for inpatient as opposed to outpatient?
A. Yes.
Q. Is that right?
A. Yes.
Q. In this case, you actually have DRGs, because they are inpatient procedures; is that right?
A. Yes.
Q. Now, on this report, you actually have admission date and discharge date; is that right?
A. Yes.
Q. And if we look at this list, there are some

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names, other than Dr. Saleh on here, and we talked about that in connection with the previous reports. Would that be the same situation that Dr. Saleh would be the -- they would come under his name simply because he was the family physician that was listed at the time of admission?
A. Yes.
Q. And the admitting physician would be the physician that is identified in that column; is that right?
A. Yes.
Q. Now, again, I'm assuming the same is true with regard to not being able to produce a report -- your opinion that you could not produce a report that was responsive to the question that we had asked; is that right?
A. Yes.
Q. So that the information -- so that all of the information that we requested was not available in this report?
A. Yes.
Q. Again, am I correct that you didn't make any inquiry of the IT Department or of anybody else at the

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hospital about whether that report could be generated from the database?
A. Correct. Yes.
Q. You made no inquiry of the software vendor --
A. No.
Q. -- or anybody else?
A. No.
Q. And, again, you made a determination, I am assuming, that the man-hours that you indicated -- I think you said -- was it 20,000 man-hours?
A. Yes.
Q. That would include looking for these records, as well?
A. Yes.
Q. Now, the next report, which is, I guess, we are on 8 --
MR. MULHOLLAND: We only have 6 and 7.
MR. STONE: Oh, 6 and 7. Did we do 7 first?
MR. MULHOLLAND: You were asking questions about 7 first.
Q. We will go back to 6 then. Describe for me what 6 is.

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A. Exhibit 6 is an inpatient report from 3-1-05 through 12-31-05, inpatient report for Dr. Vaccaro.
Q. What we just went through with Deposition Exhibit No. 7, I assume, applies to Deposition Exhibit No. 6, with the exception we are talking about a different physician? The same information?
A. Yes.
Q. Again, the request is for Medicare patients, Part A patients?
A. Yes.
Q. Inpatient?
A. Yes.
Q. With some Medical Assistance for Medicaid patients?
A. Yes.
Q. And it looks like some self-pays at the end there, which probably should not be in there?
A. Yes.
Q. And, again, the timeframe is similar to the previous report, which is 3-1-2005 to 12-31-2005?
A. Yes.
Q. Is there a reason why these reports only go up through 12-31-05, and the other reports actually

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include the following year? Is there a reason why you didn't include the following year?
A. No.
Q. Is that information available?
A. Yes.
Q. I would ask that you provide those reports, again, to your counsel.
MR. MULHOLLAND: Are you sure it wasn't on the disc that was provided? I know that these reports that were printed out don't include them.
MR. STONE: I mean, I printed out what I had, but I mean, it is possible. So I guess you and I, we can talk about that.
MR. MULHOLLAND: We can talk about that.
MR. STONE: We can follow up as necessary. It is possible I could have printed out less than the full amount.
Q. Ms. Hannahs, were you at all involved with preparing any kind of analyses or reports of how a certain venture by Drs. Vaccaro and Saleh would impact on the hospital's revenues?
MR. MULHOLLAND: Objection to the extent

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it goes beyond the Notice of Deposition. She can answer.
A. No.
Q. No?
A. No.
MR. STONE: Just so it is clear -- and this is directed at you, Mr. Mulholland -- I think we noticed a 30(b)(6) deposition, which contained a number of different areas, and I don't think we noticed Ms. Hannahs specifically for specific items.
I think it was your designation to produce her for certain areas; and so, you know, to the extent that somebody else can respond to those questions, I think they are covered by the Notice of Deposition.
You are just saying that this witness doesn't have information that would be responsive to those particular areas of inquiry?
MR. MULHOLLAND: Well, that is correct. I mean, No. 2 talks about referrals to the hospital by V&S, Dr. Vaccaro, and Dr. Saleh.

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It doesn't specify anything about analyses of those referrals.
Ms. Hannahs was only designated to respond to questions about the spreadsheet.
MR. STONE: That is fine. We'll take it up with the other witness, then. Okay?
I think that is all the questions I have for Ms. Hannahs.
MR. MULHOLLAND: Thank you. We are going to read on all the witnesses today.
(Recess taken at 11:35 a.m. Testimony of Tina Marie Hannahs was concluded at 11:35 a.m The designee deposition resumed at 11:54 a.m. this date with the testimony of Glen Alan Washington.)
- - -
GLEN ALAN WASHINGTON,
called as a witness by the Plaintiffs, being first duly cautioned and sworn, as hereinafter certified, was deposed and said as follows:
EXAMINATION
BY MR. STONE:
Q. Mr. Washington, my name is Andrew Stone. I

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represent the Plaintiffs in this case that was filed under the Federal False Claims Act in the District Court for the United States District Court for the Western District of Pennsylvania.

I have got some questions that I want to ask you today, and I understand that you have been designated under Rule 30(b)(6) to testify with regard to certain matters relating to the location of certain equipment which is at issue in this lawsuit.

Am I correct that you are here on behalf of Bradford Regional Medical Center --

A. Yes.

Q. -- pursuant to our request?

A. Yes.

Q. Could you state your full name?

A. Glen Alan Washington.

Q. You sat through the prior deposition, but just let me repeat for you that if you do not understand or hear any of the questions that I ask, that you please stop me, and I will be happy to repeat or rephrase the question, so that you have understood it; and further, that you respond verbally to any of my questions, because the court reporter has to reflect your

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response on the record, and a gesture or a nod of the head is difficult to do that. Do you understand?

A. Yes.

Q. Mr. Washington, what is your position at the hospital?

A. I am the Senior Vice President of Operations.

Q. How long have you held that position?

A. Eight years.

Q. Prior to that, were you employed at the hospital?

A. No, I was not.

Q. Where were you employed?

A. Northeast Georgia Medical Center.

Q. What position did you hold there?

A. I was Vice President of Professional and Operation Services.

Q. Is that a similar position with which you hold at this hospital?

A. Yes, similar.

Q. It is my understanding that you have some information or knowledge about the location of certain nuclear medicine imaging equipment at the Bradford Regional Medical Center?

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A. Yes.

Q. What is the equipment that the Medical Center currently has?

A. You are asking about the nuclear equipment?

Q. Yes.

A. We currently have two cameras. We have a Philips Axis Camera, and we have a Philips CardioMD Nuclear Camera.

Q. The Philips Axis Camera, is that a camera that the hospital owns or leases?

A. We lease it from Philips.

Q. How long have you had that camera?

A. Seven years.

Q. So was this camera originally obtained in 1999?

A. Yes.

Q. Prior to that, was there equipment, a nuclear camera, that the hospital had?

A. Yes.

Q. Was that replaced with the Philips Axis Camera?

A. No. The Philips Axis Camera was in addition to what we had prior.

Q. So when you got the Philips Axis Camera, then you had two cameras; is that right?

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A. We had two at that point.

Q. Where is the Philips Axis Camera currently located?

A. It is in our nuclear medicine department.

Q. Where is that?

A. That is in the Radiology Department of the hospital.

Q. Is that in the main facility?

A. Yes.

Q. The other camera that you referred to at the time that you had the Philips -- at the time that you acquired the Philips Axis Camera, what happened to that camera?

A. It eventually broke down, and we had difficulty getting parts, and we eventually -- I'm sorry. Ask me again your question.

Q. You said when you got the Philips Axis, you already had a camera.

A. Right.

Q. And I am asking what happened to that camera?

A. We continued to operate that camera for a while.

Q. When did you stop using that camera?

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A. It was in early 2003.
Q. What was that camera? Do you remember what the --
A. Yes. That was the Sophie.
Q. Okay.
A. I believe the spelling is S-o-p-h-i-e.
Q. So in early 2003, you stopped using it?
A. Yes.
Q. And the reason that you stopped using it?
A. It broke down.
Q. And is it currently operational?
A. No.
Q. Is it currently at the hospital?
A. No.
Q. Is it still there?
A. No, it is not there.
Q. Was that equipment leased?
A. I don't know the answer to that. It would have been leased or owned, I'm not sure which.
Q. Now, in addition to the Philips Axis Camera, you said you have another camera?
A. Yes.
Q. What is the other camera that you currently

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have?
A. That is the Philips CardioMD.
Q. Is that also in the same general location in the hospital as the Philips Axis?
A. Yes. It is in the adjoining room.
Q. Is that camera currently operational?
A. Yes, it is.
Q. And when did you acquire that camera?
A. That is the camera that was acquired through the V&S lease, and that was in February of '04.
Q. And when you refer to the V&S lease, do you currently have a sublease for this equipment, or do you have a direct lease arrangement with Philips?
A. I'm not completely clear on the lease arrangement, whether that is a sublease.
MR. MULHOLLAND: I think Mr. Leonhardt may be able to answer that. It goes beyond what we designated Mr. Washington to testify about.
MR. STONE: Okay.
Q. Prior to February of 2004, you said that you had the Sophie camera until early 2003; is that right?
A. Correct.
Q. So from early 2003 to February of 2004, did the

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hospital have a second camera, in other words, a camera other than the Philips Axis?
A. No, not in the hospital.
Q. Let's talk about the V&S sublease arrangement. Are you aware of a sublease arrangement whereby the hospital subleased equipment from V&S?
A. Yes.
Q. And what was the equipment that the hospital subleased from V&S?
A. What we are subleasing from them is that Philips CardioMD.
Q. But that is a replacement camera for another camera; is that right?
A. (No response.)
Q. Was there a prior camera that you leased from V&S?
A. It actually -- yes. There actually were two cameras that that ultimately replaced. It replaced the Sophie, because we needed two cameras within our department, and it replaced the old GE camera that V&S had in their office.
Q. The old GE camera that V&S had in their office, that was the subject of the lease agreement with V&S,

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the sublease agreement; is that right?
A. Yes.
Q. Pursuant to that sublease agreement, did the hospital take physical possession of the GE camera?
A. That camera was never -- it was never physically at Bradford Regional Medical Center. It remained at the V&S office.
Q. From October of 2003 to February of 2004, did the hospital use the GE camera?
A. Yes, we did.
Q. And in what way did the hospital use the GE camera?
A. We did procedures there out of the V&S office. We provided the nuclear tech and operated the camera with the nuclear tech, and then billed for those procedures.
Q. And that would have been done at the V&S medical office; is that right?
A. That was at that site, correct.
Q. What is the location of that office?
A. It is on West Washington Street.
Q. Now, under what circumstances would you use the GE camera as opposed to the Philips Axis Camera?

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A. That would have been based on the scheduling, the availability of the Axis Camera. We actually had enough demand for two cameras, and so depending on the availability of the Axis Camera and the urgency -- the degree of urgency for the test, we might have done that, done that there.
Q. Was the camera at V&S used on a daily basis?
A. I do not know the answer to that.
Q. Was there a reason why the hospital did not move the camera from the V&S location to the hospital?
A. Yes.
Q. What was the reason?
A. We wanted to replace the Sophic camera, and we were in the process of embarking on cardiology services at the Medical Center, so we were looking for specific capabilities in our second nuclear camera. We were looking for a camera that specifically was strong in doing nuclear cardiology procedures.
The GE camera was an older model with some limited technology, so we opted not to have that camera moved, because we did not feel that it would meet our future needs.
Q. And so you thought it had limitations that would not meet the needs of the hospital; is that it?
A. It would not meet our future needs.
Q. Now, when you left it at V&S, did that involve having to pay V&S for the space that it occupied?
A. I don't really know the answer to that. The specificity of that, I'm not familiar with.
Q. But as far as the location is concerned, that camera was used by the hospital, but it was never actually moved to the hospital facility?
A. That's correct.
Q. And, eventually, what happened to that camera? Was it turned back to GE -- was the GE camera turned back to GE?
A. When we were leasing the camera from V&S, we let them know that we did not want that to be the camera ultimately, for the reasons I just outlined; and so they replaced that camera with the Philips CardioMD. Then --
Q. Excuse me. Can you go back?
A. Yes.
Q. Who did you tell that you -- who knew that you didn't want that camera?
A. V&S.

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Q. V&S knew that you didn't want that camera?
A. Yes.
Q. Okay.
A. We informed them that that would not meet our future needs, because of the older technology and because of its nuclear cardiology limitations.
Q. So that was known at the time?
A. That was known, yes. Well, at which time?
Q. At the time that you entered into the sublease agreement.
A. I'm not sure of the exact date of those discussions with them and the date of the lease agreement.
MR. STONE: I don't have any further questions for this witness.
MR. MULHOLLAND: Okay. I guess you are free to go then.
THE WITNESS: All right.
(Discussion off the record.)
(Testimony of Mr. Washington ended at 12:09 p.m., and testimony of Mr. Leonhardt began at 12:10 p.m. this date.)
- - -

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GEORGE LEONHARDT,
called as a witness by the Plaintiffs, being first duly cautioned and sworn, as hereinafter certified, was deposed and said as follows:
EXAMINATION
BY MR. STONE:
Q. Mr. Leonhardt, my name is Andrew Stone. I represent the plaintiffs in a case that was filed under the Federal False Claims Act here in the Western District of Pennsylvania.
Am I correct that you have been designated as the person knowledgeable with regard to certain information that we requested from the hospital by way of testimony at a deposition under Rule 30(b)(6) --
A. Yes.
Q. -- under the Federal Rules of Civil Procedure?
A. Yes.
MR. MULHOLLAND: Subject to the global objections that I put in my June 6 letter to you, Mr. Stone.
MR. STONE: Okay. Fair enough.
Q. Mr. Leonhardt, I'm going to be asking you a series of questions related to that Notice of

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Deposition. If at any time you do not hear my question or you do not understand it, please stop me, and I will repeat it or rephrase it, so that you have understood it.

If you respond, we will assume that you have heard and understood the question. Do you understand that?

A. Yes.

Q. All of your responses should be verbalized, because, again, it is difficult for the court reporter to note a nod of the head or a gesture. Do you understand that?

A. Yes.

Q. What is your current position at the hospital?

A. I am the President and Chief Executive Officer.

Q. And how long have you held that position?

A. For a little over 14 years.

Q. So when would you have started? Approximately 1993? Is that —

A. October of 1992.

Q. Has your title always been the same?

A. Yes, it has.

Q. Have you always had the same position?

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A. Yes.

Q. Prior to working at the Bradford Regional Medical Center, were you employed someplace else?

A. Yes, I was.

Q. Why don't we start with your education and then we will go through your employment history? So if you could start by telling us where you went to school and the level of education you attained?

A. Okay. I have a bachelor's degree in psychology from St. Vincent College in Latrobe, Pennsylvania, a master's degree in social work from West Virginia University, and a master's degree in business administration from the University of Pittsburgh.

Q. Were you employed at the time that you got your degrees or --

A. I was employed for two years after my bachelor's degree as a caseworker, a year for the Pennsylvania Department of Public Assistance, working in McKeesport, and a year at Latrobe Area Hospital working at the Community Mental Health Center.

I then took two years for graduate school at the West Virginia University, and took a job again at that same Community Mental Health Center in Latrobe,

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and I worked there from 1974. I took a series of different positions, gradually some management positions; and I attended the University of Pittsburgh's Executive M.B.A. Program while I worked full time at Latrobe from 1982 to 1984.

Q. So you graduated from the University of Pittsburgh's M.B.A. program --

A. In 1984.

Q. -- in 1984?

A. Yes.

Q. From 1984 on, can you tell us the positions that you have held and where you have been employed?

A. From 1984 until 1992, I held four or five different management positions at Latrobe Area Hospital, ending as the Associate Director of the hospital, from 1988 until 1992.

Q. So you have been at two hospitals since you got your M.B.A.?

A. Yes, I have.

Q. That would be Latrobe, and then you went to Bradford?

A. That's correct.

Q. At Bradford from 1992 on, you have held the

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same position?

A. That's correct.

Q. Do you have any particular training or certifications in compliance, Medicare compliance, anything relating to compliance issues?

A. No particular training or certifications.

Q. Do you belong to any professional associations?

A. Yes.

Q. Which professional associations?

A. The American College of Health Care Executives.

Q. Is that the only one?

A. Hospital Association of Pennsylvania and the American Hospital Association.

Q. Through any of those organizations, have you attended any conferences or seminars dealing with compliance issues?

A. Yes.

Q. Is that something that you do on a regular basis?

A. On a periodic basis, yes.

Q. At the hospital, do you have somebody that is designated as a compliance officer?

A. Yes, we do.

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Q. Who is that?
A. James Tarasovitch.
Q. Does he hold any other position at the hospital?
A. Chief Financial Officer.
Q. So would that be part of the duties of the chief financial officer, or is it considered a separate position?
A. It is a separate position or separate duties.
Q. Has he held that position during the entire time you have been at the hospital, or have there been other people in that position?
A. There have been other people in that position during that time. He has been at the hospital approximately three years.
Q. Who was there before Mr. Tarasovitch?
A. Robert Fisher was the Chief Financial Officer and also the compliance officer.
Q. Do you know where Mr. Fisher is today?
A. Yes. He is the President and CEO of Brookville Hospital.
Q. How long did he work at Bradford as the CFO?
A. He was there approximately two years prior to

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my arrival, and he left about three years ago to accept that position.
Q. Going back over the last ten years, has the hospital been subject to any Medicare audits?
A. No, I don't believe so.
Q. How about Medicaid?
A. No.
Q. Now, Mr. Leonhardt -- let me see if I can find the document here. In May of 2001, the Board for the record passed a -- the Board for the hospital passed a resolution dealing with physicians with competing financial interests.
Do you recall that particular resolution, that policy that was passed by the Board?
A. Yes, I do.
Q. What were the circumstances, if you recall, behind passing that particular policy or resolution by the Board?
A. Sure. It was the combination of several months of discussion on the part of the Board with respect to whether or not the Board needed to take a position statement and have capabilities to deal with competition that was damaging to the hospital.

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We had seen several instances, certainly, across the country, where hospitals were finding themselves in a position where they had to deal with that kind of a situation and had seen several locally.
Q. Was there a particular concern, a particular concern, a particular competing interest that the hospital was worried about at that time?
A. As we talked about this?
Q. Yes.
A. Yes. There had been a local hospital that had been significantly damaged by an ambulatory surgical center established by a group of surgeons on the staff.
Q. Again, if you could, can you articulate precisely what the concern was on the part of the Board?
A. Sure. It is a general concern, I think, in the health care world. The concern is that there are certain kinds of competition that make the playing field so unlevel that it is virtually impossible to compete on a level basis with them; and, you know, we had, frankly a great deal of discussion about the impact that that surgical center was having on a

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neighboring community hospital.
In that instance, in those kinds of instances, the hospital finds itself -- the community hospital finds itself in the position where it has to provide stand-by services, it has to continue to find a way to provide the most economically unattractive services, and yet can have the people using its services electively choosing where to send the most predictable, the most financially advantageous services.
Q. I am going to show you what we will mark as Deposition Exhibit No. 8.
(Deposition Exhibit No. 8 was marked for identification.)
Q. This document actually consists of two documents. It is really the Resolution of the Board of Directors, and then there is attached to it the Procedures that I am assuming accompanied the Board Resolution.
A. Yes.
Q. But maybe rather than me describe it, why don't you take a look at this document and identify it, if you can.

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A. Yes. That is what it is.
Q. This is the Board resolution you were talking about; is that right?
A. That's correct.
Q. And attached to it is part of the same document or the procedures that were implemented to govern the implementation of the policy; is that right?
A. Correct.
Q. And some of the issues that you have just discussed are actually reflected in the preamble here; is that right? If you look down there it says, "Facing increasing competition of other health care entities." Do you see where I am talking about, sort of the preamble or the preface to the resolution. There are several "whereas" paragraphs.
A. Yes. I was looking for that particular one, but, yes.
Q. Now, am I correct that this would allow the hospital to deny or not renew privileges for a physician that the Board determined had a competing financial interest; is that right? Is that the --
A. Yes, assuming that we went through all the procedures.

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Q. If you would look at the third page under the introduction section, it says that, "The Board was concerned that covered practitioners would have an incentive to direct their patients away from the services and facilities available at the Medical Center and toward the competing entity for reasons unrelated to patient preference, medical necessity, or third-party requirements."
A. Correct.
Q. Was this a concern that physicians might have financial incentives to not use the hospital facility?
A. Yes.
Q. That would be a situation where a physician or a physician's group might actually offer a diagnostic service that the hospital offered. Is that right?
A. Yes.
Q. So they would be able to bill, not only for their professional services, but also for technical services that, again, the hospital would otherwise be able to bill for?
A. Yes.
Q. Would it be fair to say that the hospital didn't want any competition to the hospital?

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MR. MULHOLLAND: Objection. Leading. You can answer.
A. No. The hospital --
Q. Were you trying to eliminate competition --
A. No.
Q. -- for diagnostic services?
A. No. We were trying to be in a position where if we were faced with competition that was significantly damaging to the hospital, we could compete on a level playing field. We didn't have to provide other services to support that competition.
Q. So when you say "other services," that would mean staff privileges?
A. Staff privileges, access to the emergency department for their patients.
The issue isn't and there was never a feeling on the part of the Board that they could eliminate competition; but there was a feeling and a clear understanding that in the face of competition, we could compete on a level playing field. We didn't have to provide that competition with a series of services, making it easier for them to compete with us.

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Q. There is a footnote at the bottom of that page, No. 4, and I would like you to look at that for a second. You said that you were responding to a situation that had occurred at another hospital that you knew of where there was a surgicenter that went in and that that damaged the hospital in that community; is that right?
A. Yes.
Q. Do you remember what community that was?
A. St. Marys.
Q. Now, if you would look at footnote No. 4, it says, "At the time of its adoption of the resolution, based upon the information known to it at that time, the Board was not aware of any existing services being provided by any member of the Medical Center's medical staff that would constitute a significant impact detrimental to the ability of the Medical Center to fulfill its mission." Right?
A. Right.
Q. So you are saying that -- I am assuming that what this was meant to show was that this was not in response to a particular entity that you were trying to --

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A. Correct.
Q. -- deal with. Is that right?
A. That's right.
Q. You are saying that that is a true statement?
A. That is a true statement.
Q. If you look at page 2, of the procedures -- actually, it is page 4 of the exhibit -- and the first sentence in the top there, it says, "In this way, covered practitioners would use the Medical Center's resources as a means to develop a patient base only to divert those patients to the competing entity."
I want you to apply this now to the situation that arose with V&S in 2001.
A. Uh-huh.
Q. Okay? Explain to me how this policy was then raised in connection with an imaging facility that V&S was developing.
A. This policy was used as background, and these procedures were used as we developed information about what it was V&S was doing and the impact it would have on us. It was the use of these procedures and this policy that guided that whole process with V&S.
Q. Did the Board make a determination at some

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point that V&S -- before we get there, strike that.
What is V&S? Explain to me, if you could, what your understanding of V&S is?
A. My understanding is it is a professional corporation consisting of Dr. Vaccaro and Dr. Saleh.
Q. And what did they do? What business were they in?
A. The practice of medicine.
Q. What was the affiliation with the hospital, let's say, at the beginning of January of 2001?
A. They were members of the medical staff.
Q. In what fields did they practice?
A. Internal medicine.
Q. Had they previously been employed by the hospital?
A. Yes.
Q. When were they employed by the hospital?
A. They were employed by the hospital when the hospital acquired practice where they were employed physicians owned by Dr. Russell Weintraub, and that was several years before that. I am sorry. I am having a hard time picking the exact date out.
Q. And so they became employees of the hospital,

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right?
A. Right.
Q. And the hospital owned that practice?
A. That's correct.
Q. At some point, did they go on their own?
A. Yes, they did.
Q. Did they buy a practice from the hospital?
A. Yes, they did.
Q. Was that the same practice that --
A. Yes.
Q. -- that they had sold to the hospital?
A. They had not sold it to the hospital.
Q. They were employees?
A. They were employees.
Q. And then the hospital sold the practice back to them at some point?
A. That's correct.
Q. When did that occur?
A. I believe it was early in 2000.
Q. Now, in the spring of 2001, did the hospital become aware of an ancillary venture that Drs. Vaccaro and Saleh were developing?
A. We became aware in approximately April of 2001

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that they were considering an ancillary venture in nuclear medicine.
Q. How did you become aware of that?
A. Someone told me in the hall, so I called them and asked them.
Q. What did you hear? Tell me exactly what you remember about your first hearing about this.
A. Other than the general -- I don't remember exactly what I first heard, other than the general statement that they were going to become involved in offering nuclear medical services.
Q. Diagnostic services?
A. Diagnostic services.
Q. Do you remember who it was that you heard it from?
A. I can't be sure of that.
Q. And you said you followed up?
A. Yes.
Q. And you said you followed up, and you actually asked them about it?
A. Yes, I did.
Q. When did you first talk to Dr. Vaccaro and Dr. Saleh about this?

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A. Sometime approximately in the middle of April.
Q. Did they confirm that for you?
A. They told me that they were considering the establishment of diagnostic services in nuclear medicine, but they hadn't made a final decision.
Q. Were you concerned about that, and why?
A. Yes, I was concerned about it. I was concerned about it, essentially, because I thought it would have a very detrimental impact on our attempt to establish a cardiology service in that community.
Q. When you say establish a cardiology service, wouldn't the hospital have already had a cardiology service --
A. No.
Q. -- in 2001?
A. No. We did not have a fulltime cardiologist in Bradford at that time.
Q. Okay.
A. We had a visiting cardiologist from Hamot Medical Center in Erie that came one day a week.
Q. I think Mr. Washington testified about imaging facilities that you had starting, I guess, in 19 -- well, I guess, actually, it started before 1999; but

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he talked about imaging equipment that the hospital owned, at least as far back as 1999; is that right?
A. That's correct.
Q. Do you agree with his -- were you present for his testimony?
A. Yes, I was.
Q. Is it correct that the hospital had imaging equipment as far back as 1999?
A. Yes. I do think you need to understand that nuclear imaging equipment has many uses, not just cardiology. One of the other things I believe he told you was about our desire to dramatically improve the cardiac diagnostic capabilities of that nuclear imaging equipment. That was part of our interest in developing a fulltime cardiology service in the community.
Q. In fact, isn't it true that you had actually entered into an agreement with Hamot Medical Center to that end; is that right?
A. Yes. They had agreed to -- they had formally agreed to attempt to help us attempt to develop a fulltime cardiology service.
Q. And that would have been in 1999 or 2000?

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A. Approximately, yes.
Q. So, I guess, maybe it would be fair to say you were in the process of establishing a cardiology service then; is that right?
A. Yes. We were in the process of establishing a cardiology service. We were actively trying to recruit a cardiologist.
Q. Is there any reason why you would need to have a monopoly on the imaging services related to cardiology?
A. No. You don't need to have a monopoly on the imaging services.
Q. So the fact that somebody else was putting in diagnostic equipment or utilizing their own diagnostic equipment for their own patients, there is no reason why that would prevent you from developing your own cardiology program, right?
A. In that kind of situation, it would certainly make it much more difficult.
Q. Well, it would make it competitive; isn't that true?
A. No. I don't believe it would make it competitive. It would not make it competitive,

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because the referring physician would only have a financial incentive to only use their service as opposed to any real kind of real competition, which would, essentially, mean the cardiologist would be blocked out.
Q. Well, there were other physicians in the community that would refer patients to a cardiology program, right?
A. It is a very small community.
Q. Well, are you saying then that Dr. Saleh and Dr. Vaccaro had a substantial part of the patient population as their clients or patients?
A. Yes.
Q. Is this the reason why the hospital determined that it would have a significant impact on the cardiology program if they were permitted to go forward with their plan to develop an imaging facility?
A. Yes.
Q. Prior to April of 2001, were Dr. Saleh and Dr. Vaccaro, were they referring their nuclear imaging business to the hospital?
A. I know they were referring some of their

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patients to the hospital. I don't know if they were referring them all or not.
Q. Was there another nuclear imaging facility in the community?
A. Within the town limits, no. But just outside, yes.
Q. And who operated the nuclear imaging facility outside the town limits?
A. There were competing nuclear imaging facilities in Olean, New York, Warren, Pennsylvania, St. Marys, as I mentioned before, Kane, and Coudersport.
Q. How far away are those various facilities?
A. They range from about 12 miles to 25 or 30.
Q. What is 12 miles away?
A. Olean.
Q. And what is the hospital in Olean?
A. Olean General Hospital. In addition, to the hospital in Olean, there also was a free-standing diagnostic center that had those capabilities.
Q. I am going to ask you to take a look at a document that we will mark as Exhibit 9.
(Deposition Exhibit No. 9 was marked for identification.)

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Q. You can take a minute to look through those.
A. Yes.
Q. Mr. Leonhardt, these are a number of pages, handwritten pages, that appear to be notes, somebody's notes. Actually, there are a couple of pages that appear to be different handwriting in the middle of this packet.
A. Yes.
Q. But let me ask you if this document is familiar to you?
A. Yes, it is.
Q. Is the handwriting something that you recognize?
A. Yes.
Q. Is it your handwriting?
A. Yes, it is.
Q. As you said, the majority of it?
A. Yes.
Q. I think actually on Bates stamp No. 4413, it looks like that is different handwriting.
A. Yes, it is.
Q. Do you recognize that handwriting?
A. I do not.

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Q. What do these notes represent, at least the ones that are in your handwriting?
A. Most of these notes represent notes to myself to try to keep me from forgetting.
Q. Does it deal with a chronology involving V&S?
A. Yes, I think there are other discussions in here that I am making notes about, though, too. These are notes about discussions with Dr. McClelland, Dr. Petrella, who are cardiologists, were cardiologists at Hamot at that time, and were working with us to try to develop a program.
There are notes that I made to myself before some meetings with Dr. Singh, Dr. Kirsch, Dr. Nadella Dr. Jacobs. There are notes that I made to myself after a couple of conversations with different Board members.
Q. But do they relate, generally, to this issue of the development of your cardiology program?
A. Yes, they do.
Q. And can you tell from looking at these, the time frame that we are talking about?
A. As I look at each one, they are not all in the same time frame.

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Q. In fact, I think it looks like there are some that are dated later at the front of the packet, and then there are some earlier ones, actually, at the back.
I would actually like you to refer first to Bates stamp No. 4425 --
A. Okay.
Q. -- which appears to me of the dated notes, it appears to be the earliest of the notes that are dated. If you would look at that page, does this refresh your recollection about when you first learned about the V&S venture?
A. Yes. Yes, it does.
Q. Now, the first part of that note deals with a meeting that you had with V&S; is that right?
A. Yes. That is what I was referring to when I said I met with them and talked with them about that.
Q. So sometime prior to April 3rd, you learned about this plan?
A. Uh-huh.
Q. And so they told you that they had purchased a camera and signed a contract with a cardiologist as of April 3rd, 2001?

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A. That's correct.
Q. At the bottom of that, there is a discussion, generally, I guess, of the issue, and then at the bottom, there is a sentence that says, "V&S went on to say that they had told Petrella cath referrals were at risk if Medicor didn't read."
What does that mean? I am not sure I understand. This was your summary of what V&S told you?
A. Right. What that would mean would be that they were referring patients for cardiac caths.
Q. To Dr. Petrella.
A. To the Medicor physicians to, the Medicor group.
Q. And how is Dr. Petrella related to Medicor?
A. He is one of the physicians in Medicor.
Q. Is he an owner or an employee or --
A. I don't know the answer to that.
Q. And Medicor is -- do they provide -- did they actually do the reads of the test? Is that what the referral was for?
A. (No response.)
Q. What is the referral? Were they reading the

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test results or --
A. Are you talking about the cardiac catheterizations?
Q. Yeah. What role did Medicor play?
A. They were performing them and interpreting them.
Q. So they were actually performing the tests and then reading the tests?
A. Uh-huh.
Q. And would it have been necessary for V&S to have a contract with Medicor in order to proceed with their venture?
A. No.
Q. What was the connection between Medicor and V&S, as you understood it, from your conversation with V&S at that time?
A. V&S were referring patients to Medicor. Medicor was providing services. That is where the cardiologist -- when I talked about the cardiologist coming one day a week?
Q. Yes.
A. Medicor was working with -- Medicor and Hamot were working with Bradford Regional Medical Center to

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try to help us develop a fulltime cardiology service.
Q. Were there other cardiologists that V&S could use to read the tests?
A. Oh, I'm sure there were.
Q. Were there other cardiologists that had connection to Bradford Regional Medical Center?
A. No, not at that time.
Q. If the cath referrals were at risk, how would that impact the hospital?
A. The Bradford Hospital?
Q. Yes.
A. Not at all.
Q. So this was not a particular concern to you in terms of what you were talking about before?
A. No.
Q. Now, it looks like the next note is from 4-4-01, and it says that you made calls to Dr. McClelland and John Malone. What was the purpose of those calls, and how did they relate to what V&S was doing?
A. John Malone is the CEO at Hamot, and Dr. McClelland was at that point CEO of Medicor. What I was discussing with them was the impact that this

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would have on our plans to develop a fulltime cardiology service.
Q. And what did you think the impact was going to be?
A. I thought the impact would be significantly detrimental.
Q. In what way?
A. The opportunity to have a fulltime cardiologist in Bradford would have been, I think, diminished considerably if a key cardiac diagnostic service was going to be developed in the offices of internists and, therefore, would be not available to support that cardiologist and to support the work that he was doing.
Q. Why could that diagnostic service have not just been split off? In other words, why couldn't the imaging service be performed at V&S' facilities and then other cardiology procedures performed at the hospital? Why was it necessary to have the imaging tied to the other services?
A. I'm not understanding your question. I'm sorry.
Q. I don't understand why you felt that the fact

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that somebody else was performing and billing the imaging services, why that would prevent a cardiologist from being on the staff and performing procedures at the hospital?
A. This is a considerable portion of the work any cardiologist does.
Q. Okay. Why couldn't they -- why couldn't a cardiologist enter into an arrangement with V&S?
A. A cardiologist could enter into an arrangement with V&S.
Q. Okay.
A. Whether they were interested in that was a whole different question.
Q. Why does that affect the hospital?
A. If you look through -- let me try to put this in context, if I can, for you. You probably noticed that one of the notes that I wrote after that meeting with Vaccaro and Saleh is that I talked to them about the impact that I thought this would have on our ability to develop a cardiology service, and I reminded them that one of the things -- because in context, the decision to develop the cardiology service, and the decision that it was a key portion --

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a key issue for the community and the hospital was one that was reached jointly by the hospital and the medical staff.
The majority of the staff saw very clearly that this was a service that their patients needed, that they would benefit from very significantly, and that it was a pretty basic service to not have available, and we were talking about people who other than one day a week didn't have access to a cardiologist within 100 miles.
One of the key points in having a successful cardiology program that the staff had come to and that we had absolutely agreed with is that that cardiologist could not be identified too closely with any individual practice.
The level of competition between the physicians in the Department of Medicine is such that being associated too closely with one means that the others aren't going to refer.
It is very difficult to bring a specialist into that kind of an environment when you are working very hard to accomplish that in a way that would be the -- that would not immediately involve that key specialist

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in that battle.
Q. Okay. Going on with that same note, it says that you had a discussion with Dr. Furr, F-u-r-r.
A. Yes.
Q. Who is Dr. Furr and why were you discussing this with him?
A. Dr. Furr is another one of the Medicor cardiologists. He was a senior guy there, and he had known all of the players for a lot of years. I was, frankly, looking for some advice or some suggestions.
Q. Now, he says -- it says, "He commented that it was driven by money and was a problem, but didn't feel he knew of a way he could effectively respond. I told him there were possibilities."
What were you thinking at that time when you said there were possibilities? What was going through your mind about what the possibilities were about how to respond?
A. We were trying to develop a cardiology service that would be useful to the community and would be accepted as noncompetitive, you know, not aligned with one faction or another, and what I was thinking about was the possibility of joint ventures.

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Q. So at this point in time, you were thinking about joint ventures? You weren't thinking about excluding them from the hospital staff; is that right?
A. That possibility had occurred to me, but I was certainly looking for more than one option in dealing with this situation, and joint ventures -- in some fashion, trying to figure a way to get a cardiology service into that community that wasn't immediately folding to the competition and the animosity between the competing members of the Department of Medicine.
Q. Well, wasn't this the same time frame that the Board was considering their policy on --
A. Yes, it was.
Q. -- on competitive services?
A. Yes. The Board discussions about that had started in December of 2000, and, you know, by April of 2001, it was clear we were on a final draft that probably was going to be approved either at that meeting or at the next meeting.
Q. So was that one of the possibilities that was being considered when you said that there were possibilities to respond? Was one of the possibilities that you would invoke this policy?

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A. At the end of the very long road, I suppose, yes, that was one of the possibilities.
Q. When you say "at the end of a very long road," that is exactly what happened within a month, right?
A. The policy was adopted. We didn't -- we certainly didn't invoke the policy.
Q. When was the first time that you invoked the policy?
A. I believe, approximately, December, and -- I'm sorry. I believe it was December of 2002.
Q. So at the end of a very long road, it would be within a year?
A. Oh, that is almost 18 months, but --
Q. Okay. The other possibility that you mentioned was a joint venture of some kind; is that right?
A. Uh-huh.
Q. And, obviously, that would be the preferable way to handle this, right --
A. Yes.
Q. -- because you would hold on to the business?
A. The ultimate goal was to try to create an environment where we could have a cardiology service that would serve the whole community, could be used by

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physicians if they chose to, but that had not been drawn into that competition and animosity.
Q. And that would have the benefit that you would -- that the business would stay with the hospital, right?
A. Well, if you are going to do a joint venture, you are willing to give up some of the business, obviously?
Q. Right. Some of the business, but --
A. Right.
Q. Some of the business, but you would hold on to some of the business?
A. Some of the business.
Q. In fact, you would have a relationship with the physicians who were in your joint venture, which would be a good thing for the hospital to nurture those relationships, right?
A. Right; and in this situation, I think a very good thing for the community, because it is in that kind of situation that you are able to develop that kind of service.
Q. So the objective wasn't to drive V&S out of the hospital?

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A. The objective from day one was to develop a viable high quality cardiology service and program for that community.
Q. We were talking about when the policy was invoked, and I would like you to look at the next item down, item No. III.
A. Uh-huh.
Q. This was the very following day on April 5th, 2001. It says that you reviewed with Dr. McDowell as an agenda item for the upcoming Executive Committee meeting, the 4-11-01 Executive Committee meeting.
A. Right.
Q. I assume when you say reviewed as an agenda item, that you are referring to the situation with V&S?
A. Yes, the whole situation.
Q. Then the next note says, "Next reappointment date is 10-31 for both of them." The reappointment date that you are referring to there is the reappointment of their staff privileges?
A. Sure.
Q. How would that be relevant to this issue unless you were contemplating invoking that new policy?

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A. I told you earlier that that was a possibility.
Q. But you said that that was only a possibility at the end of a very long process.
A. Exactly.
Q. But, in fact, it was a consideration that you had right at that time, because the very next day, you discussed that as a possibility with Dr. McDowell.
A. It was no more than a possibility the next day. You know, I gathered information about lots of things.
Q. The following note is from 4-6-01 --
A. Uh-huh.
Q. -- it notes a phone conference with John Malone and Joe McClelland again, and those are the two individuals you spoke to before?
A. Correct.
Q. It says, "Unsure of where they will land. Very concerned, especially about their referrals from V&S." What does that mean?
A. Uh-huh.
Q. I mean, what were you trying to say there?
A. I'm not sure what I was trying to say when I said, "Unsure of where they will land."

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Q. Were you referring to V&S?
A. I don't know.
Q. When you say "very concerned," was this to say you were very concerned or that Malone and McClelland were very concerned?
A. I believe that what I was trying to say was that they were very concerned.
Q. "Especially about their referrals from V&S." Did you understand that there were substantial referrals from V&S to -- I guess, is that Hamot?
A. That would be Medicor.
Q. Medicor. Did you understand that there were at that time substantial referrals from V&S to Medicor?
A. I'm not sure what you mean by "substantial."
Q. They said they were very concerned about their referrals.
A. I said they were very concerned, especially about their referrals. So to me that means they were very concerned about a number of things. Yes, they were concerned about their referrals.
Q. Now, if you go a couple of pages further, there is an undated note, which starts with "Issue: Nuclear Cardiology."

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MR. MULHOLLAND: What is the Bates page?
MR. STONE: It is 4428.
MR. MULHOLLAND: Thank you.
Q. This note does not appear to be dated anywhere. Do you have any recollection now where this fits in in terms of the chronology of the notes in this?
A. I am just not sure. I can tell you what it is.
Q. Okay.
A. And it is simply, occasionally, I'll sit down and try to organize my thoughts by writing out notes, and that is really what this is.
Q. Would it have been in the same time frame, meaning, the period of time before they started their business, and I guess the time from when you first learned that they were going to do this, and the time that they actually started their business?
A. I can't answer that.
Q. Well, let's go down -- let's go down about halfway down the page, and if you would refer to the paragraph that starts, "Should they do this," what is "Should they do this?" Does that refer to something above?
A. I think what that refers to is should they go

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through and do the nuclear cardiology service?
Q. And then it says, "and also be able to control Dr. Jamil's referrals?" How is Dr. Jamil related to V&S, and why did you think that they would control his referrals?
A. He shares office space with them. Beyond that, I don't know what his business relationship is.
Q. So there was a concern that they -- obviously, enough of a concern that they had some influence over him --
A. Yes.
Q. -- and his referrals that you factored it into your thinking here?
A. Uh-huh.
Q. Is that right?
A. That's right.
Q. It says, "The most profitable piece of our cardiology program is negatively impacted by between $130,000 and $170,000 annually."
A. That's right.
Q. Is that really what you were trying to say earlier when you said that it would be difficult for you to develop your cardiology program?

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A. For that and the other reasons that I talked about, yes.
Q. So certain parts of the program are more profitable than others?
A. Absolutely.
Q. Is it fair to say that you considered the imaging part of the cardiology business a way to underwrite, perhaps, less profitable areas?
A. Sure.
Q. Or cross-subsidize?
A. Cross-subsidize.
Q. Now, the numbers that you use here, between $130,000 and $170,000 annually, how did you come up with that information? I mean, how did you come up with those numbers?
A. That is just an estimate.
Q. Based on? Based upon what we thought the volumes would be and what the revenue is for those kind of services?
A. You know, it is the back of an envelope, rather than a study.
Q. Okay. During this time frame, did you do any analyses or more in-depth studies of the situation?

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A. Yes. Later. Later in the process, as we were trying to develop an approach, a joint venture, we analyzed any number of alternatives.
Q. And, in fact, you did quite a bit of analysis on this, right?
A. Sure, we did.
Q. I mean, did you actually engage outside consultants?
A. Yes, we did.
Q. Did you have people internally that were running reports for you?
A. Actually, we had people internally gathering information. The reports that were run were run more by the outside consultants.
Q. Okay. Go down to the bottom of that page. There is a note, again, starting with the word "Should," and it says, "Should Medicor agree, physician revenue at Medicor will be protected, V&S will win big. BRMC," I assume referring to the hospital, "will lose on both nuclear and other diagnostics." Explain to me each part of that analysis. In other words, how is Medicor protected, first?

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A. Okay. And this is -- I don't know whether to call it speculation or just a little rumination about if this happens, then what?
What this is referring to is if Medicor would agree to support the nuclear cardiology service that Vaccaro and Saleh were putting in their office by reading the tests and providing them the technician and lending them their nuclear license, then that would protect the revenue sources from Vaccaro and Saleh for Medicor. That is what that means.
Q. In other words, Medicor could enter into the same arrangement with V&S that it has with BRMC?
A. Medicor doesn't have that kind of arrangement with BRMC. They don't read any diagnostics there. They come in and provide clinic services.
Q. But they get business from working with BRMC?
A. Like any other specialist, they actually get business not from working with the hospital, but from referrals from other physicians.
Q. Okay. It doesn't matter to them -- I guess, if the physicians -- V&S are referring their patients to Medicor now, that wouldn't change? In other words, Medicor could still receive referrals from V&S; is

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that right?
A. They could.
Q. So why is Medicor involved in this at all? Wouldn't they still be doing the same work for V&S, whether V&S had its own imaging, or whether the imaging was done at the hospital?
A. They could be. But I'm sure that at the time, and what I was thinking about was their concern -- V&S said on a couple of occasions, although I don't believe that they did it -- on a couple of occasions, they said that they were contracting with, quote, a cardiologist. If they are contracting with a cardiologist to read those tests, as opposed to reading them themselves, that can change their referral relationship on other cardiology services.
Q. So that could cut Medicor out of some of that business?
A. It could.
Q. It could.
A. Whether or not it would is yet to be seen, but these are the kind of things everybody worries about.
Q. So part of the concern was that unless Medicor agreed to read, they would enter into a contract with

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somebody else and lose other business?
A. At least that was speculated about.
Q. Now, "V&S will win big," what was your thinking there? What was the analysis about how V&S would benefit from this new arrangement where they would have the imaging in their own office?
A. If there is a significant amount of revenue attached, what I was thinking about here was if Medicor aligns themselves with that service, it suddenly gives the service a great deal of credibility.
Q. And "BRMC will lose on both nuclear and other diagnostics." Obviously, on the nuclear if the diagnostics are being performed at V&S, BRMC isn't doing them and, therefore, not billing them, right?
A. Right.
Q. What about the other diagnostics? Why would they lose on the other diagnostics?
A. They are generally, depending on what the result of the nuclear test is, there are follow-up tests. If the nuclear test is being done elsewhere, being read by somebody else, those follow-up tests tend to go along their referral patterns, not the

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traditional ones.
Q. So in your analysis about the impact of this, you are not just looking at the nuclear tests? You are also looking at the effect of losing an MRI and CT scan possibly? What other diagnostics?
A. Other diagnostics, after nuclear medicine, are not generally MRIs or CT scans. It is the cardiac cath, the referral for cardiac rehab, those kind of things.
Q. What about were you concerned about losing any inpatient admissions as a result of this? Probably not, right?
A. No.
Q. Now, let's go to another step, and I don't --
THE WITNESS: Excuse me, Mr. Stone. Would you mind if I stopped for the men's room for a moment?
MR. STONE: You know, actually, we should probably break here, and we'll take lunch. How about 45 minutes?
MR. MULHOLLAND: Sure. What time is it?
MR. STONE: Be back here about 2:15?
MR. MULHOLLAND: 2:15 is fine.

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(Recess taken for lunch at 1:25 p.m., and testimony resumed at 2:15 p.m. this date.)
MR. STONE: Do you want to read back where we were?
(Previous two questions and answers were read back.)
- - -
EXAMINATION (RESUMED)
BY MR. STONE:
Q. I would like you to turn to the next page after that, which is 4429, and there are two notes at the top of the page. Could you look at those two?
The first one talks about impacting the ability to develop cardiology service, and the second one talks about the ability to recruit a cardiologist. Can you explain exactly what the concern was there?
A. Yes. Pretty much the same things I have mentioned already. This would make it very difficult to attract a fulltime cardiologist if this kind of competing service was going to be there. It would really make it difficult to develop a cardiology service that was kind of seen as above the fray, and, therefore, acceptable to the majority of the people on

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the medical staff.
Q. You go on a little further down to say, "We feel strongly enough about that to tell you that we would like to work with you to find another way to address whatever issues you were trying to address. What are those issues, what impact will doing or not doing this have on your practice?"
Did you ask V&S what their issues were, what they needed to have addressed?
A. Yes.
Q. When?
A. I don't know exactly when. I know I had discussions with them. One of the things I was doing here was to try and remind myself to make sure that I tried to understand what it was that was interesting them in doing this, what they were trying to accomplish.
If we were going to find a way to work together, I needed to understand what they were trying to do.
Q. Well, in January -- well, at least by January of 2002, following January, they told you that they wanted to be paid some money; isn't that right?

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A. (No response.)
Q. Didn't they make a proposal where you buy out their practice or you buy out this imaging part of it?
A. Yes, I believe they did.
Q. So they told you they wanted money? Is that where it ends up?
A. I think what they were telling me is that they were willing to consider selling out the practice or selling the service.
Q. Didn't they tell you that they had invested a certain amount of money, they had money committed, they were expecting a return on investment, and that they actually planned to make a lot of money at this business; isn't that right?
A. Yes.
Q. So at least by the next January, they told you -- they actually, I think, put a number of $1.8 million to buy out the imaging part of the practice; is that right?
A. I remember the number of $1.8 million. I don't remember whether it was to buy the imaging part of the practice or the practice.
Q. Now, you didn't pay them to buy the business,

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right?
A. No.
Q. And you didn't buy out their practices, right?
A. No.
Q. But shortly after that, you began negotiations and came up with a lease arrangement with V&S; isn't that right?
A. Yes.
Q. And that --
A. Excuse me.
Q. And that sublease agreement --
A. Excuse me. When you say "shortly after that," we came up with the lease agreement sometime approaching September of 2003, so it really wasn't shortly after that. It took another year.
Q. Well, yeah; but, let's -- we know that somebody came up with the idea of entering into a sublease arrangement with V&S?
A. Oh, sure. I was just trying to say it wasn't shortly after January.
Q. I know. We'll take it, you know, one -- we will sort of do this sequentially, and see if we can get there. Do you know who came up with the idea of

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doing the sublease?
A. I honestly don't. There were so many discussions among all of us at that time looking for alternatives, I don't know whose original idea that was.
Q. Do you recall when it was that that first came up?
A. Sometime around the spring of 2003 or the early summer.
Q. Let me show you a document which we will identify as Deposition Exhibit No. 10.
(Deposition Exhibit No. 10 was marked for identification.)
Q. Now, Mr. Leonhardt, this is a letter which looks like it is from you to Dr. Saleh and Dr. Vaccaro dated January 10th, 2003.
A. Correct.
Q. Is that accurate? I mean, is that your letter?
A. Yes, it is.
Q. Does it look familiar to you?
A. Yes.
Q. And it looks like, following your notes and some discussions back and forth, you end up in January

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of 2003, and you still have this problem?
A. Uh-huh.
Q. And at this point, Dr. Saleh and Dr. Vaccaro are operating their imaging facility; is that right?
A. Yes.
Q. And it is having a negative impact on the hospital, I assume?
A. Yes, we believe so.
Q. I think the previous May, it looks like there was a determination made by the Board of Directors that Dr. Saleh and Dr. Vaccaro were covered persons within the meaning of the policy against competing financial interests?
A. Uh-huh.
Q. This letter refers to what I was talking about a few minutes ago, about a buy-out that Saleh and Vaccaro were proposing. If you look down to the third paragraph, that is where the number 1.8 million is discussed --
A. Right.
Q. -- as a proposal, I guess, coming from them; is that right?
A. That's correct.

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Q. If you go down to the next paragraph, that is the flip side, that is the other option, which is that you enforce the policy; is that right?
A. Correct.
Q. So it looks like you are going back between these two alternatives, in other words, to work with Saleh and Vaccaro in some kind of a buy-out or a venture and the other option is to enforce the policy; is that right?
A. Yes.
Q. Now, if you enforce the policy, I assume you have the problem that you might be driving away referrals because if these guys don't have privileges, they may start referring patients to another hospital; is that right?
A. That is among the issues, yes.
Q. Was that a concern to you that if they are off the staff, then they might have other alternatives, and these guys are a pretty big referral source, right?
A. That was among the concerns, yes.
Q. In fact, you were aware at this point that they had -- at least one of them had applied for staff

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privileges at another hospital; isn't that right?
A. I had heard rumors to that effect. I don't know that I knew that.
Q. Didn't the hospital get a request?
A. No, we did not.
Q. Typically, you would get --
A. Typically you would get --
Q. Typically, you would get a letter from the other hospital asking about their privileges?
A. Exactly. Typically, you would. So while there were rumors floating around to that effect, that hadn't happened.
Q. And you said Olean Hospital is only about 12 miles away; is that right?
A. The hospital itself is only about 15, but yes.
Q. Before we get too far away from Exhibit 9, I want you to look at a couple of the other entries in this document.
In particular, I want you to look at -- if you look at page 4416, that is a note dated April 23rd, 2001, and I guess this was a meeting that you had at Hamot, and you indicate that the persons in attendance were John Malone, Dr. McClelland, Gary Morris, Dr.

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Petrella, Dr. Godfrey, Glen Washington, and yourself?
A. Yes.
Q. Apparently, there were many issues discussed, but then you refer to a consensus on a couple of things, and one was that "Nuclear is most profitable piece," is that right?
A. Yes.
Q. That is what you were saying earlier that that is actually a very profitable business.
"If Jamil goes to them, they currently control 50 percent of referrals." Again, your concern was that Jamil has a relationship with V&S; is that right?
A. Yes.
Q. So you were, I guess, in this scenario assuming that that was a possibility, that Jamil's referrals would go with them?
A. You needed to explore the possibility, yes.
Q. And that is 50 percent of the referrals. What are you talking about when you are talking about the referrals there, 50 percent of what?
A. Nuclear cardiology.
Q. And then you get down to -- and you talk about the profit being reduced by 150,000 to 200,000? Is

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that what you are --
A. It is cut off, but I am assuming that, yes.
Q. And that is similar to -- that was similar to what you had said in one of your other notes?
A. Yes.
Q. Now, if you go back to page 4413, this is the page that has somebody else's handwriting. Do you know what this calculation is? I assume it has to do with the referrals?
A. Let me look at it for a minute.
I can only tell you what it says. These are projected exams for fiscal year '02, and I'm sorry, I don't recognize the handwriting.
Then it goes through CT scans, inpatient and outpatient, ultrasound, echo cardiograms only, carotid, nuclear medicine, and MRI.
Q. Now, are these all possible impacts on different services that somebody was projecting was going to be impacted by this?
A. I don't know. I can only tell you what it says. Again, I don't recognize the handwriting.
Q. I mean, this was produced as part of a group of your notes. Do you know whether it was originally

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maintained with your notes?
A. I don't believe that it was maintained with my notes, but it might have been.
Q. If you look at the previous page, maybe that will give you some assistance. That is 4412. Does that in any way relate to the next page?
A. I don't think so. I can tell what this is. This was -- these were just some scratches that I did trying to figure out what I thought it was going to cost them to get into this business and what I thought the revenue might be.
Q. Going forward, again, from the back forward, the pages that precede 4412, they would be 4411 and 4410, are these all similar calculations relating to the projects for the V&S business?
A. The 4410 again those are notes I did. I don't know whether those are about V&S business or what joint venture might look like that might be available for us to propose to all the physicians. Some of those are actually questions to myself if you see the way they are --
Q. Yes.
A. And pretty much the same thing with 4411.

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Q. Now, getting back to some more documents, I'm going to show you what we'll mark as Exhibit 11.
(Deposition Exhibit No. 11 was marked for identification.)
Q. This is appears to be a letter from you to Drs. Vaccaro and Saleh dated June 26, 2002. In that first paragraph and continuing into the second, you refer to the possibility of setting up a joint venture as an under arrangements proposal, and you refer to something called the Stark Law.
A. Correct.
Q. At this point in time, June 26th, 2002, did you have any experience or knowledge about the Stark Law?
A. No more than anyone else working in the kind of position that I would.
Q. So you were aware that there was a law out there --
A. Right.
Q. -- that impacted on physician-hospital relations?
A. Any kind of business ventures, yes.
Q. Had you had any classes or training or any kind of --

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A. I had attended --
Q. -- or any kind of experience with Stark Law at that time?
A. No formal classes. I had certainly attended seminars and educational sessions where it was discussed.
Q. And at this point in time, you were exploring the possibility of an Under Arrangements Joint Venture as a possible resolution with V&S?
A. Not just with V&S. It would have been a possible joint venture that could have included any interested physician on the staff.
Q. I'm going to show you a document which we will mark as Exhibit 12.
(Deposition Exhibit No. 12 was marked for identification.)
Q. Does this document look familiar to you?
A. Wait. I'm sorry. Let me finish, okay?
Q. Oh, sure.
A. Yes, it does.
Q. Okay. What is it?
A. It is an outline of a proposal that I was presenting to all physicians on the medical staff at

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around this same time.
Q. Do you know who prepared this document?
A. I had some help from a consulting firm.
Q. And who is that?
A. The name of the consulting firm is the Northland Health Group. Their name has since changed to Stroudwater, excuse me.
Q. And at that point, you had engaged them for what purpose?
A. To try to help us come up with a solution that would allow us to develop a community-based cardiology service.
Q. So this Under Arrangements Joint Venture was something that they were engaged to assist you with in terms of developing that? Is that --
A. Actually, their engagement was broader than that. It was to come up with good ideas and good ways to resolve that issue, and this was one of them.
Q. When did you first contact them about that?
A. I believe I talked to the principal of that firm several hours after I had my first discussion with Drs. Vaccaro and Saleh.
Q. So you engaged them in the context of trying to

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deal with that situation?
A. "Help me solve this problem."
Q. And the problem was V&S getting the imaging equipment?
A. The threat that that was to the development of that service; and the reason for engaging them so quickly is that they had worked with us very closely on the strategic plan that clearly identified the need for that cardiology service in that community and how important that was to the development of the hospital.
Q. If you would look at item No. 6, this seems to address a concern about the legality of the arrangement. It talks about jeopardizing -- the risk of jeopardizing your tax exempt status and also regulatory compliance with HHS requirements. Was this something that Stroudwater suggested?
A. It was something that we discussed. Again, there were so many discussions about it, I don't know whether they suggested this or whether I did.
Q. Did they tell you that this was a -- did they tell you that this was a risky area or a gray area or --
A. No. They told me it was a relatively new area.

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Q. So this idea that you would seek an advisory opinion from HHS, from the Office of Inspector General, was something that was an essential part of developing this venture; is that right?
A. Yes.
Q. Do you know whether anyone -- did the hospital ever get an advisory opinion from HHS?
A. No.
Q. Did anyone ever request one?
A. No. We never got a body of physicians sufficiently interested to even venture that far.
Q. So no request was ever made, and there has been no advisory opinion received from HHS?
A. No.
Q. I'm going to show you another document that we will mark as Exhibit 13.
(Deposition Exhibit No. 13 was marked for identification.)
Q. Did you have a chance to look at that?
A. Uh-huh.
Q. This is an agreement that is dated -- it appears to be dated April 16th, 2003, between Bradford Regional Medical Center and V&S Medical Associates.

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Do you recognize your signature on there on behalf of Bradford Regional Medical Center?
A. Yes, I do.
Q. Now, when I was asking you questions about the January proposal by V&S that you buy out the imaging business and the fact that that was rejected by the hospital, apparently, but that you then shortly thereafter came up with a lease proposal, someone came up with a lease proposal -- and I guess I don't know whether April 16th is shortly thereafter; but in any case, by April 16th, you had an agreement here that deals with the sublease of certain equipment from V&S.
A. Yes.
Q. So I guess my question is: How did the sublease proposal come about?
A. I don't remember.
Q. Now, you heard Mr. Washington testify earlier that the equipment that V&S had really wasn't -- it didn't really fit into the hospital's future plans --
A. Correct.
Q. -- for its imaging needs; is that right?
A. Correct.
Q. Now, why was it that you wanted to sublease

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this equipment that apparently had limited capabilities from V&S?
A. The agreement that we worked out with V&S to sublease that equipment had as a condition of it that we be free to direct them to acquire a different piece of equipment of our choosing with a lease that had to satisfy -- with conditions that had to satisfy us.
Q. Okay.
A. So --
Q. Are you done?
A. Yes.
Q. Well, Mr. Leonhardt, that is a fairly cumbersome way to go out and acquire a piece of equipment, wouldn't you agree?
A. Yes, if that was the only thing that we were trying to accomplish. Obviously, it wasn't the only thing that we were trying to accomplish.
Q. Let's say that, hypothetically, that the hospital determined that they had a need to get a camera.
A. Yes.
Q. You would probably go to the vendor or a lessor of equipment; is that right?

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A. In many circumstances, yes.
Q. When you got your Axis camera back in 1999, did you contact an equipment vendor at that time to get that equipment?
A. I'm sure we did.
Q. Now, in 2003, if you were interested in looking at equipment, you would normally go to the equipment vendor, right?
A. Yes. We were all -- yes.
Q. If there were no other part of this, in other words, if there was nothing else to be accomplished?
A. Correct.
Q. I think that is what you said, if that were the only consideration?
A. Yes.
Q. Isn't it true that the real consideration here was how to pay V&S some money in order to get their business; isn't that right?
MR. MULHOLLAND: Objection to the form of the question; but you can answer.
A. No.
Q. Excuse me?
A. No.

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Q. Well, what was the real purpose of that agreement?
A. As I have said before, the real purpose of the agreement was to get us into a situation where we had a level field to compete in. We certainly -- we certainly wanted to have the opportunity to compete for V&S' business based on quality, based on the level of service that we could provide to them and their patients.
Q. Well, in order to compete for V&S' business, you entered into an agreement where you would pay them a certain amount a month; isn't that right?
A. We entered into a lease and a non-competition agreement, yes.
Q. What was the amount that you agreed to pay them each month, pursuant to that agreement? You can refer to the document.
A. We agreed to pay them the pass-through cost of the lease for the equipment and a specific amount for the non-compete agreement and the other considerations.
Q. And what was the -- do you -- if you want to refer to the agreement, I would like you to identify

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what the number was and how you arrived at the number.
A. The number here is $29,250 per month. This does not split those into the components that I was talking about.
Q. But you said that it was to actually pay for the pass-through cost to the equipment?
A. Correct.
Q. And also to pay for these other issues, I guess, the non-compete?
A. Correct.
Q. Was it paying for anything else?
A. No.
Q. Now, did you evaluate whether the equipment that you were paying for as a pass-through under this agreement was equipment that could be used by the hospital?
A. Yes.
Q. And did you make any kind of evaluation or determination that this was a good value for the rental payments that you were making here?
A. Yes. It was a good usable piece of equipment. It didn't fit into our long-range plans, but it was a good usable piece of equipment.

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Q. I guess, aside from not fitting into the long-range plans, if you just take the equipment itself, this is now in April of 2003 --
A. Correct.
Q. -- how old is this piece of equipment at the time that you entered into the sublease agreement?
A. I don't know the answer to that.
Q. They were a couple of years into their lease, right?
A. They would have been at that point almost two years into the lease, yes.
Q. Did you do any kind of evaluation to determine if you went into the marketplace whether you could do better than what you were paying under this agreement?
A. We had our technical director look at the equipment and make sure that it was useful; and, yeah, we had a general feeling about whether that was a competitive lease or not.
Q. Well, I guess, since you already knew that it wouldn't fit into a longer term plan, then it seems to me that there would be pieces of equipment out there that you could lease or buy that would be more suitable to your long-range plan?

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A. More suitable to the long-range plan, yes; and that is why we had, as part of the agreement, a requirement that they seek another piece of equipment of our choosing.
Q. But I guess by doing it the way you did it, wasn't that a more expensive way to get that equipment --
A. No.
Q. -- by then having to buy out --
A. No.
Q. Didn't you have to buy out the other lease?
A. Oh, yes. You would have to buy out the other lease.
Q. So if in 2003, you simply wanted to get yourself a second camera, you could probably have at least a second camera or bought a used camera for less money than subleasing this equipment and entering into a subsequent lease with Philips?
MR. MULHOLLAND: Object to the form. He can answer.
A. There is an economic cost to terminating a lease early; and, yes, in demanding that the lease be terminated early, we created that additional cost. We

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saw that as good value to us in developing the program that we were trying to develop.
Q. And that is because you were able to, at the same time, get the non-compete? Is that what your rationale was?
A. We were able to put the whole package together, yes.
Q. And when you got the non-compete, you were essentially buying the business from V&S; isn't that right?
MR. MULHOLLAND: Objection to form.
A. No.
Q. Did you expect that you would get the referral business from V&S as a result of this agreement?
A. We hoped that we would.
Q. Let me give you another exhibit here, and see if you can identify this document.
(Deposition Exhibit No. 14 was marked for identification.)
A. Yes.
Q. What is this document?
A. This is an independent valuation of the lease and non-compete agreement.

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Q. Who is Mr. Day?
A. Mr. Day is an accountant and an attorney who does this kind of work, as well as other work.
Q. Is he related to Stroudwater in any way?
A. No.
Q. So he is another consultant that you had assist you with this --
A. Yes.
Q. -- this problem?
A. Yes.
Q. First of all, I guess, I don't think this report is dated. Do you know when this report was prepared or what time frame?
A. I don't know precisely when without the cover letter that went with it. It was, you know, right before we entered into the agreement.
Q. Was this prepared in connection with entering into the sublease agreement?
A. Yes.
Q. What was the purpose of obtaining this report at that time?
A. We felt very strongly that the agreement that we were entering into was appropriate, that the value

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that we were receiving was commensurate with what we were paying, but we did want an independent opinion to that effect.
Q. What was the assignment or the scope that you gave to Mr. Day when you hired him to prepare this report?
A. We gave him a letter of engagement, and I don't remember everything that was in it; but, essentially, it was to evaluate the arrangement and give us an opinion as to whether or not the lease and non-compete were fair market value.
Q. And when you say "fair market value," that would require evaluating the lease arrangement for the equipment?
A. Correct.
Q. But also valuing the other parts of the agreement?
A. Correct.
Q. And, essentially, we are talking about non-compete?
A. Correct.
Q. What you call the non-compete?
A. Correct.

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Q. Is that how you arrived at the amount that V&S would pay under the agreement?
A. No. We arrived at that amount through negotiations.
Q. Okay.
A. We had a proposed negotiated and agreed upon amount. We wanted an independent opinion as to whether or not that was fair market value.
Q. You knew what the pass-through cost of the equipment lease was, right?
A. That's right.
Q. So that amount didn't change at all?
A. No.
Q. Now, in the negotiations, explain to me how you arrived at the number for the portion of the agreement that covers the non-compete?
A. Through a long and sometimes arduous negotiation.
Q. What was the value that the hospital placed on the non-compete?
A. I don't know. If you are asking me where we started, I don't remember.
Q. Do you recall what V&S put on it?

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A. At a beginning point, no, I don't.
Q. Do you recall how you justified the numbers that you were proposing? What did you base that on?
A. We based that on a series of things. What the venture was costing us, what other alternatives, what impact all the other alternatives might have on us.
Q. So you were looking at numbers that reflected the projected loss of business to the hospital?
A. The cost of additional recruiting, the rebuilding of, you know, primary care practices in the community, how we would have people who lived in that community who depended on those physicians for their care, how we were going to care for them.
Q. How did you put a number on that, on those issues you have just identified?
A. Some of those issues were very difficult to put a number on.
Q. Did you do any evaluation of what this meant to V&S in terms of giving up their new enterprise?
A. I believe they did. We did not, no.
Q. Was there any discussion about that?
A. Certainly, there was.
Q. Do you recall what it was that they thought

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that they were going to lose by way of stream of revenues?
A. No, I do not.
Q. I will show you a document we will mark as Exhibit 15.
(Deposition Exhibit No. 15 was marked for identification.)
Q. Mr. Leonhardt, this is a letter that appears to be from the hospital's counsel to Ms. Jodeen Hobbs at the law firm of Miller, Alfano & Raspanti, and you are copied on it. Is this letter familiar to you?
A. Let me finish reading it. It has been a long time.
Q. Oh, sure. Go ahead.
A. Okay.
Q. This letter is dated March 14, 2003; so I guess in reading the letter, it appears that the negotiations for the lease agreement had been going on at least prior to this date?
A. Uh-huh.
Q. I would like you to turn to the second page, if you could, and the second bullet point there talks about a value that is placed on the rental payments

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under the sublease, proposed sublease?
A. Right.
Q. Do you see that?
A. Yes, I do.
Q. And "From information provided by Vaccaro and Saleh, we understand that the profit from the nuclear camera services is approximately $240,000 annually." Do you see that?
A. Yes, I do.
Q. Does that refresh your recollection?
A. Yes, it does.
Q. I don't know whether your analysis agrees with their analysis of those same figures; but for the purposes of discussion today, that is, obviously, a number that the hospital put on that venture at that time, $240,000 annually in terms of profit. Okay?
A. Okay.
Q. Now, if you look at the next --
A. It is actually a number that Vaccaro and Saleh put on it, but --
Q. Okay. I'm not sure, but, apparently, for the purposes of discussion, that number was accepted. Then the next sentence says, "By the Medical Center's

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subleasing proposal, annual rental payments would total $312,000 with a final profit to V&S of $229,000 annually." Do you see that?
A. Yes.
Q. I am assuming that the difference between 312 and the 229 is the amount of those pass-through payments for the equipment. Is that right?
A. I would assume the same thing.
Q. So it looks like the amount of the payments is very close to what the projected profit was for V&S?
A. Uh-huh.
Q. Is that your understanding of what happened here?
A. It looks like they are about $11,000 less.
Q. Now, if we go back to Exhibit No. 14, the report that was prepared by Mr. Day, he actually does an analysis and tries to put a fair market value on the non-compete; is that right?
A. Yes.
Q. Isn't that the point of this?
A. Yes.
Q. And if you would turn to page 13, he discusses what he calls the competitive business valuation

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method. Do you see that?
A. Around the middle of the page, yes.
Q. Sort of there, yes.
A. Okay.
Q. I guess Stroudwater had talked about that, as well, in an exhibit that they prepared. Now, I don't have a copy of the exhibit attached to this report, but if you would go down to the next paragraph, it talks about how the competitive business valuation method is calculated, how the valuation is calculated.
It calls for a two-step process. The first step is to generate an estimated projection of the prospective cash flow from the hospital's provision of nuclear cardiology diagnostic and integrally related services with the covenant not to compete in place. Okay?
A. Okay.
Q. In other words, to analyze the cash flow where there is a covenant not to compete?
A. Uh-huh.
Q. In other words, whatever that value is to the hospital's bottom line by having that agreement, and then the second step is to estimate cash flows without

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the covenant in place?
A. Okay.
Q. It seems fairly logical; and then you subtract the difference. Is that right? Is that your understanding of how this works?
A. That would be my understanding.
Q. He goes on to say, "When there is a positive difference between the two cash streams, it is evidence that competition would do economic damage to the hospital and its mission. Thus, the use of a covenant not to compete is warranted."
So, obviously, it makes good economic sense for the hospital to have this in place, because they benefit from it, right?
A. Yes.
Q. Now, the value -- it goes on in the next paragraph and it says, "The valuation analysis, however, is then completed by comparing the present value of the benefits of the non-competition agreement with the present value of the payments required under the non-compete agreement. The generation by this present value process of a positive differential provides two conclusions from the valuation

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perspective. The first is that a reasonable amount has been paid. The second is that if there was no compulsion to act and an arm's length negotiation process occurred, the amount paid for the covenant represents its fair market value."
In other words, Mr. Day is relating the value that you are paying here to the benefit that the hospital is receiving from having the covenant not to compete; isn't that right?
A. Yes.
Q. And that is based on the additional business that the hospital has; isn't that right?
MR. MULHOLLAND: Objection. Assumes facts not in the record. You can answer.
A. It is based on the opportunity for that additional business, yes.
Q. The expectation?
A. The hope.
Q. Well --
A. The hope.
Q. Well, according to this, the projection of the prospective cash flow?
A. Yes.

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Q. In fact, if you go to page 17, I think there is actually an application of this in the table at the bottom; isn't that correct?
A. I'm sorry. An application of what?
Q. An application of what he just explained in terms of the projected revenues, and then he shows the cost of the covenant each year, and then net benefit from the covenant each year going out for a period of five years?
A. Correct.
Q. Now, in fact, during this whole process where you were trying to work this out with V&S over a couple of years, the hospital actually prepared a number of studies or evaluations of the impact on the hospital revenues. I think you had some rough notes in your own notes in April of 2001, and I'm going to show you some other documents, and maybe you could identify them for us.
This does not have a date on it; but perhaps you can identify it.
(Deposition Exhibit No. 16 was marked for identification.)
Q. Mr. Leonhardt, do you know what this document

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represents, these graphs?
A. It is a graph of nuclear cardiology referrals. The first page is a total of referrals V&S is referring to the Vaccaro and Saleh, and one of the bars indicates January through June, and the other bar indicates July through December. I'm sorry. I don't know which year this is measuring.
Q. Okay.
A. The second page is the same information, that is for Dr. Jamil; and the third page is an individual of Dr. Saleh, and the fourth is an individual, Dr. Vaccaro.
Q. In looking at these graphs, it looks like there is a drop-off in referrals on each one from the July to December period from the January to June period.
A. Yes. A pretty clear drop-off with relation to Drs. Vaccaro and Saleh and frankly, not very clear at all with Dr. Jamil given the fact that there are always going to be variations.
Q. Now, with regard to V&S, with Vaccaro and Saleh, seeing the drop-off here, does that refresh your recollection as to what time frame this would refer to?

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A. I can't tell you what time frame this is.
Q. But this was something that you requested?
A. I don't know whether I requested it, or whether it was requested as part of the information to give the consultants.
Q. Again, can we assume that you were monitoring the referrals and the impact of the new imaging operation that V&S had?
A. Yes.
(Deposition Exhibit No. 17 was marked for identification.)
Q. Next, I'm going to show you another document. This document, Mr. Leonhardt is identified, and it has Stroudwater Associates at the bottom, so, presumably, they prepared this document at your request or to assist you?
A. Yes.
Q. Have you seen this document before?
A. I am sure I have. I don't remember this particular document, though.
Q. At the top it says, "BRMC Non-Compete Analysis Summary."
A. Correct.

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Q. And there are a number of parts to it. Maybe you can explain it to us, if you can.
A. I don't think I can completely. It does look to me like it might well have been prepared for Mr. Day.
Q. Is that because it refers to the non-compete analysis?
A. Yes, it does.
Q. And I see that it refers to Dr. Saleh as Dr. S-u-l-l-y. I assume that should be S-a-l-e-h?
A. Yeah. That is clearly a typo.
Q. Now, if you look under Assumption No. 1 -- and it is like after the initial calculation, there are a series of assumptions that are articulated.
Under assumption No. 1, it says, "Revenue stream loss is the estimate of BRMC Board and Management of CT and MRI net revenue expected to be lost without the approval of the sublease."
So I guess this is the situation where there is no sublease, and V&S continues with their business, right? This is the losses that would occur as a result of the CT and MRI?
A. Yes.

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Q. The loss of that business?
A. Yes.
Q. Now, are these tests that are actually performed by V&S, or Vaccaro or Saleh?
A. No. They don't do CTs or MRIs.
Q. These would be referred?
A. These would be referred.
Q. And performed by somebody else?
A. Correct.
Q. Under No. 2, it says, "Revenue stream loss is the estimate of the amount of inpatient revenue of BRMC Board and Management expected to be lost without the approval of the sublease."
So in this case, we are not talking about tests. We are talking about in-patient referrals; is that right?
A. That is right.
Q. These would be inpatients that were referred in by either Vaccaro or Saleh or V&S? I am assuming that is Vaccaro and Saleh?
A. That is just Vaccaro and Saleh.
Q. Okay. The third one is for outpatient revenue not including the CT and MRI tests, which are covered

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in Assumption No. 1.
So what additional outpatient revenue would this include?
A. This would include referrals for laboratory work, other diagnostic work, physical therapy, occupational therapy, all the outpatient services that we offer.
Q. So in each one of the cases, this is revenue that you would expect to be referred by the -- the revenue is generated by the referrals from V&S?
A. Correct.
Q. I know this was generated by Stroudwater Associates, but what information did the hospital provide to come up with these numbers? In other words, what data were they using?
A. We would have provided data about utilization of inpatient and outpatient services, by patients referred by Drs. Vaccaro and Saleh.
Q. You were present for the deposition of Ms. Hannahs earlier?
A. Uh-huh.
Q. And she talked about the database that generates the bills and the UB-92s and, I guess, the

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reports that we had requested. Would the data that Stroudwater used in their analysis come from that same database?
A. No. This analysis, remember, was done prior to instituting the Meditech system. We would have been using the old A4 system.
Q. So it would have come from that database?
A. It would have come from a series of different databases. The A4 system was not an integrated hospital-wide system. It was simply a financial system. So information about utilization in the various diagnostic areas or the outpatient departments didn't exist in that system. We had to go around and collect it individually from place to place.
Q. Let's say, for example, with the inpatient revenue, Assumption No. 2, would that data have come from the A4 system?
A. It is very likely, yes, it would.
Q. So you are saying possibly, now, some of this outpatient data might have come from a different system?
A. It would have come from a different system.
Q. What system was in place, other than the A4

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system? What systems were there?
A. It was a combination of manual and various computer systems. The system in the diagnostic imaging department and radiology was manual at the time. The system in the laboratory was computer-based. It think we would have been going around the hospital in that kind of a manner getting the information from the individual departments.
Q. Which, apparently, Stroudwater did to get the information to compile this report?
A. Right.
Q. Well, in the time frame of 2000 to 2005, would it have been possible to put together a report -- well, during that time frame, were claims for outpatient services submitted to the Medicare program electronically?
A. Yes. Not at the beginning of that time frame, but before the end of it.
Q. So at what point did the outpatient department begin submitting their claims electronically?
A. Around 2002; but let me explain that. It is not the outpatient department. The billing department developed the ability to submit those claims

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electronically around 2002. We were still gathering the information that was going to the billing department. It was still being gathered department by department.
Q. In 2002, did you submit UB-92 forms --
A. Oh, yes.
Q. -- for outpatient services?
A. Yes.
Q. And were those forms being submitted electronically?
A. By 2002, they were being submitted electronically.
Q. So in 2002, you had electronic claims being submitted on UB-92s?
A. That is correct.
Q. So before those claims were submitted, somebody had to input the data for each one of those fields?
A. That's correct.
Q. What is the database where that information is stored?
A. I don't know.
Q. Is there a database on which that information is stored?

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A. Prior to 2002, I don't know the answer to that question.
Q. After 2002?
A. Yes.
Q. So if you can generate a UB-92 from 2002 on for outpatient services, you should be able to generate a report, or am I wrong about that?
A. You are going to have to ask our Information Technology people that question.
Q. Okay. Now, if we look at the revenue stream for Assumption No. 1, which is the CT and the MRI, are those outpatient services that would be billed on the UB-92 under the system we just talked about, or is that a different system?
A. I don't know whether the revenue for CT and MRI is outpatient only or not.
Q. Okay. But, again, Stroudwater apparently had access to the data so that they could compile this report --
A. Correct.
Q. -- for Mr. Day?
A. Uh-huh.
Q. Now, do you know who in the IT Department would

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be knowledgeable about this? In other words, who did you direct Stroudwater to in order to get this information?
A. I told them to go to the director -- Stroudwater would have dealt individually with each department.
Q. Okay.
A. But in answer to your question, they would have gone to the director of the department and asked that person, who's knowledgable, who has it?
Q. Well, pretend I'm Stroudwater. I want to know the different people I need to go to and get this information.
A. "Pick up the phone and call Carol Frigo and ask her."
Q. Okay.
MR. MULHOLLAND: Through counsel, of course.
A. I meant, that is what I would have told you or them.
MR. STONE: I will have Mr. Mulholland pick up the phone and call Carol Frigo.
MR. MULHOLLAND: We can discuss that

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matter afterwards.
THE WITNESS: I was answering what I would have told Stroudwater.
MR. STONE: As you might have guessed, Mr. Mulholland, I am interested in getting this information.
Q. I'm going to ask you to take a look at another document which I will mark as Exhibit 18.
(Deposition Exhibit No. 18 was marked for identification.)
Q. Is this a document you have seen previously?
A. Yes.
Q. What is it?
A. It is simply a compilation of the calendar year 2001 admissions and the estimated net revenue from those admissions of Dr. Jamil, Dr. Vaccaro, and Dr. Saleh.
Q. Now these would be inpatients?
A. These would be inpatient admissions.
Q. And it is for the calendar year 2001; is that correct?
A. Yes.
Q. It was during the course of 2001 that V&S

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started their imaging facility; is that right?
A. I think it was July of 2001, if I remember correctly.
Q. Now, at the bottom of this page, there is an asterisk, which references some of the numbers above, and it says, "Both admissions and revenue for Drs. Vaccaro and Saleh are down 17 percent from the prior year."
A. Yes.
Q. Did you attribute the drop in revenue to the starting up of their imaging facility?
A. No.
Q. No?
A. No. These were inpatient admissions, and there is really no connection between their diagnostic center and the inpatient admissions. I had no explanation for that. I was just noting a difference.
Q. Well, I guess my question is: You, obviously, asked for this analysis to be done --
A. Yes. I am sure I did.
Q. -- because you wouldn't do this on all physicians, right? I mean, you didn't do this regularly on all physicians?

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A. Periodically, sure, you did.
Q. Well, in this case, you did it because of the problems you were having with V&S; is that right?
MR. MULHOLLAND: Objection to the form. You can answer.
A. I am sure that the timing of this was connected to the fact that we were having a dispute with them; but, yes, we regularly look at -- you know, these are our customers. Are they using our services as much as they did the year before? Is their practice growing or shrinking? These are the pieces of information we are interested in.
Q. This sort of ties into my earlier line of questioning, Mr. Leonhardt; and that is, that, you know, I am looking for data from your system on referrals and billings; and you, obviously, have the ability to do some tracking of referrals and business and volumes and various payors and -- you have a lot of tracking ability, don't you?
A. We have some tracking ability, yes.
Q. And that is part of your job is to track this stuff, because as you point out, these are your customers?

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A. Right.
Q. Now, getting back to the drop in revenue, you say you didn't attribute it to, necessarily, to anything with regard to the imaging?
A. I couldn't see a connection between a change in inpatient utilization and an imaging facility.
Q. Well, at the very time that this analysis -- well, let me ask you: When was this analysis done?
A. It would have had to have been sometime after the calendar year of 2001, or we wouldn't have had the information.
Q. Okay. So it would have been after Saleh and Vaccaro had gotten notice that their privileges were in jeopardy?
A. It would have been -- the best answer I can give you is it would have had to have been sometime after the calendar year of 2001, or we wouldn't have had the data. If it had been after 2002, I would have been looking at the most recent data.
Q. And, of course, if it had been after 2003, at that point, they weren't in jeopardy anymore, because they had a new lease agreement with you, right?
So it would have had to have been sometime

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after they were notified that their privileges were in jeopardy, which was December of 2001, right, and 2003, when the lease agreement was signed?
A. Wasn't that December -- excuse me, but wasn't that December of 2002?
Q. I don't know. You are the witness. If that is what your recollection is --
A. That is my recollection.
MR. MULHOLLAND: I think his prior testimony will speak for itself.
Q. I guess my point is that at the time the revenue is dropping, the hospital was engaged in a bit of a confrontation with V&S; is that correct?
A. Yes.
Q. Were you concerned that V&S would be utilizing another hospital facility?
A. Yes.
MR. RYCHCIK: Andy, when you have an opportunity, whenever it is convenient, if we can just take a five-minute break, whenever it is convenient.
MR. STONE: We can take it now.
(Recess taken at 3:48 p.m., and testimony

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was resumed at 3:56 p.m. this date.)
MR. STONE: Back on the record. I will give you another document, and we will mark this as 19.
(Deposition Exhibit No. 19 was marked for identification.)
Q. Mr. Leonhardt, this is a multiple-page document which has on its first page a background and time line summary, and then behind it, which I think gives us some context we were talking about dates and maybe that will help refresh your recollection as to the chronology here. I am assuming that you prepared this or had somebody prepare it for you?
A. I prepared this, I'm sure.
Q. And then, of course, behind it there are several documents which are numbered sequentially, but I don't know that they were part of the original document or not?
A. They were not.
Q. Okay. Then we will discuss them separately or not. Does this help refresh your recollection with regard to when the action was taken against Drs. Saleh and Vaccaro with regard to their staff privileges?

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A. Yes, it does.
Q. And that was in December of 2001; is that right?
A. That's correct.
Q. Now, do you know approximately when -- can you tell from looking at this document when this summary was prepared?
A. I believe this summary was prepared prior to a Board meeting that was held in either April or May of 2002.
Q. Well, that would probably make sense, because I think the last entry here refers to some correspondence that occurred earlier in 2002.
A. Yes.
Q. If you would look at the second page, again, this appears to be an analysis document that was prepared, I am assuming, with regard to the impact of the V&S venture; is that right?
A. It looks like it was prepared with regard to the -- not so much the impact of the venture, as the volume of services from V&S.
Q. I mean, did you prepare this, or did somebody else prepare it?

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A. I believe Mr. Fisher prepared this.
Q. And he would have been the CFO at that time?
A. Yes.
Q. And can you explain what this analysis shows?
A. It shows that -- and I can't tell you what time period, but I am sure that this is for a year, but which year, I don't know. 750 admissions, 550 of which were Medicare. That would be from Vaccaro and Saleh combined. 9,000 outpatient episode, 75 home health referrals. We attributed 2.7 million in inpatient revenue, and so on.
Q. Is this analysis, as far as you know, consistent with the analysis that was done by Mr. Day and Stroudwater?
A. No. I think that was much more complete.
Q. Okay. But is it consistent?
A. I believe it is consistent, yeah.
Q. Now, if you would turn a couple of pages until you get to 4046, this is a document that says, "Bradford Regional Medical Center, V&S Impact Analysis." Can you tell -- well, it looks like at the bottom it says prepared by Bob Fisher and Bruce Weddell. Is that who prepared this?

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A. I am sure it is.
Q. And it looks like it is dated April 9th, 2002. Does that seem right to you?
A. Yes, it does.
Q. Do you recall requesting this report or analysis?
A. I don't recall requesting this particular report.
Q. It looks like there are three pages, and then there are a couple of pages after that that say "Pro Forma Assumptions Continued" at the top. Are these pages all related, or are we talking about unrelated documents?
A. I'm sorry. The first -- the pages "V&S Impact Analysis," year 1, 2, and 3, are clearly related. I haven't had a chance to look at the rest.
Q. Okay.
A. Yeah. The next page is related. Those are just assumptions.
Q. Do you understand this analysis?
A. Sure.
Q. Can you explain what is going on here?
A. Sure.

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Q. Go ahead.
A. Yeah. Basically, I can. I'm not sure I have looked closely enough at the last two pages close enough to tell you if it is related to this, but let me try to answer your question.
It is a scenario analysis, one of the scenarios being let's analyze what Bradford Regional Medical Center looks like if, in fact, the dispute with Drs. Vaccaro and Saleh results in their losing their privileges.
Scenario No. 2 says, essentially, what do we look like if that doesn't happen. Oh, Scenario No. 2, what do we look like if the reaction from Drs. Vaccaro and Saleh -- if they lose their privileges is to continue in outpatient practice and refer all their inpatients to Dr. Jamil and continue to have them admitted to Bradford Regional Medical Center. I'm sorry. I needed to look at this.
Q. So that would be if -- in both cases, this contemplates the termination of their privileges?
A. Yes.
Q. In one case, it contemplates continuing to practice, but referring to Dr. Jamil to admit their

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patients to the hospital; is that right?
A. Yes.
Q. The second scenario is they take all their referrals, and they go somewhere else?
A. They go somewhere else.
Q. Which is what I was asking you about before. That was a concern of yours --
A. Sure, it was.
Q. -- is that all of their referrals, inpatient, outpatient, all their imaging referrals would go someplace else?
A. Yes.
Q. And this is the scenario that is in Scenario 1?
A. Uh-huh.
Q. And I am assuming from the hospital's point of view, that would be the worst case scenario of this whole thing?
A. Then you will notice, though, we don't assume that. We don't respond to that. That is why you are looking at year 2 and 3. That is why when I say this analysis was done more completely by Stroudwater, you saw that, also.
Q. So as you get further out, obviously, you have

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done things to adjust to that?
A. Correct. How long -- you know, what is our best guess on how long that would take?
Q. So, again, in Mr. Day's valuation of the covenant not to compete, implicit in that is the consideration of what the loss of business is to the hospital if you don't have the non-compete?
A. Correct. As you look at that analysis that Mr. Day did, though, you also see that he makes assumptions that we take actions to adjust to that situation.
Q. Now, if you go back beyond the pages that discuss the pro forma assumptions, there are two pages after that, and I would like you to look at the one that is marked Bates No. 4051. This looks like a table of admissions over several years --
A. Yes.
Q. -- for V&S; is that right?
A. That is what it says, yes.
Q. And then it is broken out by payor.
A. Yes.
Q. Well, if you just look at the totals at the bottom, I am interested in the numbers here, the

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volume of admissions.
A. Yes.
Q. It looks like the admissions were increasing from 1998 to '99 to 2000, and then they drop in 2001, and then it is projected that they drop further in 2002. Why were you projecting that the volumes would drop in 2002?
A. This was done sometime during that fiscal year from July 1st of 2001 until June 30th of 2002, and that projection was based on the actual numbers up to that point in time, and then just projecting those forward.
Q. So the drop in 2001 was an actual?
A. Right.
Q. And I'm assuming that is consistent with that document that we looked at which was, I think, No. 18, with the financial impact data?
A. Yes.
Q. And that shows a drop there?
A. (The witness nods his head.)
Q. This appears to be the same information because, again, this is admissions, right?
A. Uh-huh.

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Q. And this shows the same drop as in this financial impact data; is that right?
A. I don't know if it is the same drop. Both of them show a drop in the financial impact data. There is not a number of admissions that is listed. It just says that there is a 17 percent drop. I haven't measured or calculated to see if that is the same.
Q. But the fact that you were projecting a further drop, did that suggest that you were expecting that is as a result of your difficulty with V&S?
A. No. I don't believe so.
Q. It was just a trending analysis at that point?
A. It was a trending, yes, at that point.
Q. Now, do you know whether, in fact, the admissions dropped in 2002?
A. Yes, they did. I don't know whether they hit that projection or not.
Q. And do you know whether they dropped in 2003?
A. I do not.
Q. Do you know whether they have recovered since you entered into your lease arrangement with -- in other words, has the trend changed since you entered into your lease arrangement with V&S?

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A. The admissions have stabilized.
Q. When you say "stabilized," do you know whether they have increased over the level in 2001, which is your last actual on this chart?
A. I do not know that.
Q. Well, Mr. Leonhardt, do you believe that you have been successful in addressing the concerns that were brought to your attention in April of 2001?
A. Yes, I do.
Q. And in what sense have you addressed those concerns?
A. Well, those were concerns with respect to utilization of outpatient diagnostic services, there were scheduling concerns, and concerns regarding the level of qualifications of the individual reading some of those tests. We have addressed both of those concerns.
Q. Well, I thought you had expressed some concerns about not being able to develop your cardiology program at the hospital.
A. I'm sorry. I misunderstood your question, then.
Q. You had some general concerns that if V&S

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proceeded with their planned imaging facility that the -- that you would be unable to develop your cardiology program?
A. Yes.
Q. And I guess my question is: On a general level, have you addressed that in the sense of have you been able to develop a cardiology program?
A. Yes. In fact, we have.
Q. And I think I asked you this question earlier, but I want to make sure we are clear on this, have you been able to develop your Under Arrangements Joint Venture with the medical staff?
A. No.
Q. Is that program currently inactive? In other words, have you abandoned that, or is that still in the works?
A. It is not active at this point.
Q. Okay. I'm going to show you what we will mark as Exhibit 20.
(Deposition Exhibit No. 20 was marked for identification.)
Q. This is a document that is entitled "Equipment Sublease," and this agreement is -- it appears to be

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dated -- the signatures are dated 9-22-03. I think on the front page it is dated as of October 1st, 2003.
A. Correct.
Q. How does this agreement relate to the prior agreement which we marked as Deposition Exhibit No. 13?
A. 13 was simply a preliminary agreement.
Q. This is the same subject matter as the earlier one? It is just more comprehensive? Is that it?
A. Yes; and it, in fact, is the one that was executed.
Q. Well, the other one we looked at was executed, as well; is that right?
A. It was signed, yes. I'm sorry.
Q. Are you saying that this is the agreement that is actually in place right now?
A. Yes.
Q. And your signature appears on the signature page?
A. Yes.
Q. If you would look at page 3 of this document -- actually, beginning on page 2, under Section 2, Subsection (d)(i), the agreement shows the breakdown

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of the rental payment that is due under the agreement, and we talked about that a little bit earlier.
A. Uh-huh.
Q. Could you identify the different components of the rental agreement from the agreement?
A. It identifies $6,545 for the hard costs of subleasing the equipment. It as a pass-through of the rental and the maintenance fee paid to GE. Then $23,655 per month for all other rights and duties for sublease.
Q. And that is for the first rental period?
A. Yes.
Q. So that would be through September 30th, 2006?
A. Correct.
Q. So have, in fact, those payments been made for that period of time, since we are beyond September 30th, 2006?
A. Beginning October 1st of 2003, yes.
Q. So all the payments were made up through September 30, 2006?
A. That's right.
Q. At the rate of $30,200 per month?
A. Until February of 2004, when the new equipment

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arrived.
Q. Well, that is what I want you to explain to me next.
A. Okay.
Q. So the payments then were made in this amount up through February of 2004?
A. Correct.
Q. And what happened in February of 2004?
A. This piece of equipment was replaced with the new Philips CardioMD equipment that Mr. Washington described earlier today.
Q. Okay. And?
A. And the lease pass-through from GE was replaced with a lease pass-through from Philips, and that was a slightly different amount.
Q. Who is the lessee on the lease with Philips?
A. Vaccaro and Saleh.
Q. So Vaccaro and Saleh -- so V&S continues to be the lessee and the Bradford Hospital or BRMC continues to be the sublessee?
A. Yes.
Q. And you said that there was a change in the amount. Was it more or less?

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A. It was a little bit more. I can't remember exactly what the difference is right now.
Q. So the amount that was paid to V&S then increased as a result of that change in the lease?
A. Yes.
Q. So they are actually being paid slightly more than the $30,200?
A. Yes.
Q. Is the only part of it that changed the pass-through amount?
A. Yes.
Q. Do you know whether V&S has made all of the payments to Philips or to GE prior to that?
A. I don't have independent knowledge of that, no.
Q. Have you been notified that they are in -- that they have at any time been in default --
A. No.
Q. -- at any time under the lease agreement with either GE or Philips?
A. No.
Q. Now, beginning in October of 2006, I assume the second rental period began; is that right?
A. The second rental period that was discussed in

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this original lease, the amount changed because the GE equipment would have reached the point where the maintenance payment was no longer necessary. It was simply a pure pass-through of the hard costs. I don't know that we have reached that point with the Philips lease.
Q. So the pass-through amount is higher than it was originally contemplated --
A. Yes.
Q. -- because the maintenance agreement is extending for a longer period of time?
A. On a brand new piece of equipment, yes.
Q. Do you know what the monthly amount is that you paid to V&S?
A. Not without looking at it.
Q. Was there an addendum or modification to this agreement?
A. No. Actually, if you look at Section 5 of the agreement, it contemplated that kind of change and spelled out how it would be handled.
Q. And is it being handled in accordance with Section 5?
A. Yes.

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Q. And so the adjustments or changes are a reflection of the substitute of new equipment and a new lease?
A. Right.
Q. In all other respects, the agreement is the same?
A. Exactly.
Q. So the amount that is being paid for the non-compete has remained the same in both of the rental periods?
A. Yes.
Q. Now, on page five under Section 7, this is the section that is Representations, Warranties, Covenants of Sublessee, it says that under (c) that by entering into this sublease, the sublessee is not in violation of any of the laws or agreements applicable to a sublessee. Do you believe that that is still the case?
A. Yes.
Q. Do you believe that you have any obligation to indemnify V&S if that's not the case?
A. No.
Q. Have you entered into any agreements since this

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litigation came to light with regard to the cost of defending this lawsuit?
A. No.
Q. What about any liability that would result from this lawsuit?
A. No.
Q. If you would look at page 8, under Section 13, Section (a), Subsection (a), this deals with the Under Arrangements Venture, it says, "Should the Under Arrangements Venture be implemented, which must include appropriate regulatory approval for the model and Physician NewCo in the form of an advisory opinion from the Office of HHS, Office of Inspector General, the assumption of GE lease and its terms as described in the Under Arrangements Venture will commence, and this sublease will expire."
Am I correct that that has never come about, the Under Arrangements Venture?
A. That's correct.
Q. We have discussed that, and, of course, you have told us that there has been no advisory opinion on it?
A. That's correct.

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Q. Did you ever seek -- did the hospital ever seek an advisory opinion with regard to this lease arrangement?
A. No.
Q. Did you ever consider that as something you should check into?
A. Beyond the standard checking that we did, no.
Q. Did you obtain any advice from Stroudwater Associates with regard to entering into this lease?
A. We obtained assistance in evaluating the lease, the alternatives, but we didn't get any legal advice from Stroudwater.
Q. Now, if you look at page 10, and subparagraph (b) at the bottom of the page -- well, actually, let's go back to page 9. I think we will start there. Section 14, is this the section that deals with the subject of non-compete, not to compete?
A. (No response.)
Q. Do you want to take a few minutes to look at it?
A. Yes, if I could.
Yes, I believe so.
Q. What was the objective in trying to eliminate

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this competition? I mean, what were you trying to accomplish?
MR. MULHOLLAND: Objection to the form.
A. What we were trying to accomplish was -- and I think if you take a look at this, it is clear that one of our real objectives here was to have an agreement with Vaccaro and Saleh that assisted us in being able to offer an under arrangements proposal to the full medical staff.
If you go back through early documents, it is pretty clear, and I think you will see in some of the letters and exchanges, that they were expressing an interest in a joint venture with the hospital, but not one that included other physicians.
Simultaneously, we were meeting with the other physicians on the staff who were expressing an interest in a joint venture with the hospital, as long as Vaccaro and Saleh were excluded.
So we found ourselves in the middle of that, very much needing to have some kind of accommodation by everybody to the development of the cardiology program.
So that is why you see these covenants that

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really require Vaccaro and Saleh to cooperate and to assist us in trying to develop a program that would be attractive not just to them, but to the other physicians on staff.
Q. But you have made it clear that the Under Arrangements Venture that the hospital was interested in would have to be more inclusive?
A. Yes.
Q. You have made that clear a couple of times today.
A. Uh-huh.
Q. And from the documents that we have reviewed, it also seems clear that from January of 2003 on, it seems clear that V&S did not want to be part of any venture with any other physicians?
A. An alternative --
MR. MULHOLLAND: Objection to the form.
You can answer.
Q. So I guess you entered into this agreement, but was there any realistic prospect of that occurring?
A. From V&S' approach or position, yes, there was. What we ended up -- the effort failed, based on the fact that a number of other physicians on the staff

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refused to participate as long as V&S was involved.
Q. Well, if you were paying V&S 23 or 24 thousand dollars a month to essentially do nothing, what would be their incentive to get into this Under Arrangements Venture?
A. They were required to.
Q. Is there anything in here that requires them to get into a venture with you?
A. Yes.
Q. Maybe you can point that out.
A. Let's see here. You know, the -- "required to" is probably too strong; but their role in much of that and what would happen with this lease if that venture went through, I think, is laid out pretty clearly here.
Q. But there is no requirement that within a certain period of time that they enter into a particular joint venture arrangement with you?
A. Only if we can put one together.
Q. But that would require an agreement by not only V&S, but also the rest of the medical staff?
A. Absolutely, yes.
Q. I will show you a document which we will mark as 21.

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(Deposition Exhibit No. 21 was marked for identification.)
Q. Is this document familiar to you? It is addressed to you as president of the hospital?
A. Yes, it is.
Q. And it seems to provide for a rental payment of $2,500 a month, and then it looks like perhaps some other charges. Is this money that was charged for keeping the equipment at V&S?
A. I don't know that we ever did this.
Q. Do you know whether the hospital has paid V&S anything for keeping the equipment at their facility?
A. I do not believe that we have.
Q. So you are saying this is a demand by V&S, but not necessarily an agreement to pay it?
A. That's correct.
Q. And you don't think you have paid it?
A. I questioned the Finance Department about whether or not there were any additional payments beyond the monthly lease amount in the last few days, and I was told that there were not.
Q. While we are on that subject, does the hospital

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have any other arrangements with V&S, other than the lease agreement that we just talked about, Exhibit 20, any other financial arrangements with V&S or individually with Vaccaro and Saleh?
A. I believe that Dr. Saleh receives some payments in return for some utilization review work that he does, he along with a couple of other physicians, and that is it.
Q. And that would be in the nature of a medical director's position or --
A. That would be in payment for review of charts for utilization review.
Q. Has the hospital entered into any arrangements whereby they pay the same doctors for not doing other things? In other words, are there any other non-competes --
A. No.
Q. -- that are paid for by way of other testing?
A. No.
Q. Oh, one thing I wanted to ask you about, Mr. Leonhardt, we had talked about the policy on physicians competing with financial interests; and as part of that, I had asked you some questions about the

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attached procedures, and the note that says, "At the time of the adoption of the resolution, based upon the information known at that time, the Board was not aware of any existing services being provided by any member of the Medical Center's medical staff that would constitute a significant impact detrimental to the ability the Medical Center to fulfill its mission."
A. Uh-huh.
Q. And this document refers to May 23, 2001, this being the time period that the Board was enacting this resolution.
A. Correct.
Q. And I guess that statement is really not true, in light of your meetings with V&S during the month of April?
MR. MULHOLLAND: Object to the form.
A. I believe that that was drafted prior to those meetings. As I said to you, we began drafting that policy in December of 2001.
Q. So this may have -- this paper work --
A. May have followed.
Q. So this may have just referred to an earlier

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period --
A. Yes.
Q. -- and may not have changed in light of the changing circumstances?
A. Yes.
Q. Okay. I just wanted to get that clear.
I'm going to show you --
MR. STONE: Actually, I'm going to give you guys a set of these documents, and these are individual documents, but I sort of grouped them together, because they are just a group of correspondence I wanted to ask Mr. Leonhardt about.
You can mark that one first.
(Deposition Exhibit No. 22 was marked for identification.)
Q. Does this refresh your recollection with regard to the replacement of the GE camera? I had asked you a couple of questions, one having to do with whether they were delinquent in their payments, and this seems to suggest that there was a problem?
A. No. What this is referring to, and Mr. Washington could give you more detail about it, is a

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delay on Philips' part, that Philips claimed V&S were responsible for in getting all the lease arrangements straight; and until they were, Philips was not paid, nor were Vaccaro and Saleh, since Philips wasn't being paid.
You will notice that he --
Q. So V&S was not paying Philips?
A. Because Philips had not completed all of their arrangements. Part of their requirement was to take over the GE lease, and they never completed that, and I shouldn't say "never."
Q. And they blamed it on V&S?
A. And they blamed it on V&S or on GE. You will notice that he says in his email, "They will not budge," meaning Philips, "on paying us the damages that I have claimed."
Q. Except that you said you weren't paying V&S, so how were you damaged?
A. We were damaged --
Q. Because you didn't have the machine?
A. No. The machine was there. We simply said they were screwing us up so much by simply taking this long to straighten this out, threatening to destroy

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the relationship.
Q. And then I think Mr. Washington wasn't sure about what happened to the GE camera, and this seems to suggest that it was dismantled.
A. It was dismantled. Yes. That is what that says. I don't have any independent knowledge of that.
Q. The next document I want to show you is 23. This is, again, an email correspondence, and this is from Tim Brown to Glen Washington, and we will mark this as Exhibit 23.
A. Okay.
(Deposition Exhibit No. 23 was marked for identification.)
Q. Who is Tim Brown?
A. Tim Brown is the manager of diagnostic imaging.
Q. At the hospital?
A. Yes.
Q. And this looks like he is providing a report to Mr. Washington about the number of procedures he had on --
A. Right. Nuclear.
Q. -- on nuclear patients. Do you want to look at the bottom line there? This relates to my question a

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little while ago regarding the numbers.
A. He says, 206 inpatients, 1292 outpatients, 31 from the ER, for a total of 1529, and these are last calendar year.
Q. So from --
A. The numbers have increased by 20 percent in this calendar year compared to last year at this time.
Q. Okay. So this was -- so this memo is dated October 15, 2004, which would cover a period of one year from the time you entered into the lease agreement?
A. Correct.
Q. So it would indicate with regard to the imaging numbers, at least, those numbers are up over 20 percent?
A. That is what it says, correct.
Q. This next one I will show you we will mark Exhibit No. 24.
(Deposition Exhibit No. 24 was marked for identification.)
Q. Again, this is an email correspondence from Tim Brown to Mr. Washington. It appears that Mr. Washington was monitoring performance on the new

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arrangement with Vaccaro and Saleh; is that right?
MR. MULHOLLAND: Object to the characterization of the document. You can answer.
A. This is a report of what the volumes were.
Q. Right. Had you asked Mr. Washington to monitor the performance of these numbers?
A. No, I don't believe that I did.
Q. Was that part of his job?
A. Part of his job is to monitor everything in the Diagnostic Imaging Department, so, yes.
Q. The reference is "Nuc Stats."
A. Yes.
Q. So this would be something that he would normally be concerned with?
A. Sure.
Q. And it talks about under arrangements, and that is not really a correct terminology; is that right?
A. No. It is not correct terminology.
Q. But he is referring to the sublease arrangement with Vaccaro and Saleh; is that right?
A. That is what I would think it would mean, yes.
Q. And, of course, this memo is dated April 16th,

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and it refers to a prior email that was sent on April 15th?
A. Correct.
Q. Isn't that right?
A. Yes.
Q. This indicates a significant increase. This is actually before the October email, and as of April of 2004, it does indicate that there was an increase in the volume at that point in April?
A. Yes, it does.
Q. Fairly significant?
A. Yes.
Q. So previously, Vaccaro averaged 16 stresses a month, or last month, I guess, and he was comparing it to the month of March, and it says he did 83. That is well above his previous average.
A. Yes; and had I seen this, I would have asked a question about that. I don't think you can do 83 in a month. My guess is is that is a typo.
Q. Okay. Dr. Saleh did 30 compared to 14?
A. Right.
Q. And it says Jamil stood consistent with about 20.

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A. Yes.
Q. Again, this would indicate that the volumes were up, right?
A. The volumes were up, yes.
Q. I will show you another document, and we will mark this as Exhibit 25.
A. Okay.
(Deposition Exhibit No. 25 was marked for identification.)
Q. Mr. Leonhardt --
MR. RYCHCIK: Which document are we looking at now?
MR. STONE: This is the email from Tim Brown to George Leonhardt.
MR. RYCHCIK: Bates 8039?
MR. STONE: Yes.
Q. Mr. Leonhardt, this looks like it is a correspondence from Mr. Brown, again, regarding the purchase of the V&S imaging equipment.
A. Or the lease of it, yes.
Q. Sorry. Yeah, the lease of it. Had you asked Mr. Brown to check into the particular camera and do some due diligence on this?

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A. Yes. I am sure I had, as I mentioned before.
Q. And, again, I think he states in here that he talked to somebody up in Buffalo --
A. Uh-huh.
Q. -- about the camera, and they would not recommend this particular camera for cardiac?
A. Yeah. It looks like he is telling me a couple of things. One is that at around 5800 to 6000 exams, he is saying we need two cameras, and that is about average for two cameras, and that is about the volume of services we were doing, and that this particular type of camera would not fit into our long-term plans.
Q. It says, "It is obsolete and will not be serviceable in about a year or so," and then in parentheses, it says, "which we already know," so you knew already that at the time. Apparently, that wasn't the point of the transaction?
A. As we have spoken a couple of times, the transaction had -- there were series of things we were trying to accomplish, which we have reviewed, and we did not feel that camera met our long-term needs, and we did have a need for another camera.
Q. This next document is a memorandum with two

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pages attached, and we will mark this as Exhibit 26, the three-page document.
A. Okay.
(Deposition Exhibit No. 26 was marked for identification.)
Q. Mr. Leonhardt, does this document look familiar to you? Have you seen this before?
A. I am sure I have.
Q. It appears to be a memo from Bruce Weddell to Robert Fisher, who I guess we have already discussed was the CFO at the time in October of 2001?
A. Right.
Q. Again, it looks like it was an analysis of the V&S Financial Impact. Now, given the time frame of this in October of 2001, this memorandum and the reports that are attached would have been after you learned that V&S was going into this imaging venture and, in fact, after they received the equipment; isn't that right?
A. That's correct.
Q. And it seems to analyze, I guess, the fiscal year 2000 to fiscal year 2001, so that would be from July 1st, 2000 to July 1st, 2001?

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A. Actually, I think it has both fiscal 2000 and fiscal 2001.
Q. So that would be from July 1st of 1999 to June 30th of 2000, right? That would be the first period?
A. That would be the first page.
Q. And then the second would be for the following year, and this would be the period before they actually started their operations then?
A. Yes.
Q. Now, what is your understanding of what this analysis shows?
A. Inpatient and outpatient charges and net revenue from patients referred by those physicians in those two fiscal years.
Q. And why would Mr. Fisher have been interested in this information? Would this have been, again, trying to assess the impact if V&S were to take the referral someplace else? Is that the --
A. I'm sure.
MR. STONE: If we take a couple of minutes, I'm going to have a last round of questions, but it shouldn't be too much longer. So we could probably break for five minutes,

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and let me collect my stuff together.
MR. MULHOLLAND: Okay.
(Recess taken at 5:04 p.m., and testimony was resumed at 5:11 p.m. this date.)
BY MR. STONE:
Q. Mr. Leonhardt, I think you were present when we were asking Ms. Hannahs some questions regarding the spreadsheets that have been produced, and I'm going to ask you some follow-up questions on the same subject, since it appeared that you supervised collecting some of this information for the response. Is that right?
A. I asked people to collect the information, yes.
Q. Very simply, I just want to ask you whether you made any inquiry of anybody in the IT Department with regard to producing these reports in a more customized fashion, as opposed to the standard report that she produced?
A. No, I did not.
Q. Did you make any effort to collect that claims information, other than to ask Ms. Hannahs to do what she testified to?
A. I asked Mr. Tarasovitch, the Chief Financial Officer, and Tina to collect that information, and if

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they had difficulty collecting it, to explain to me what the difficulty was and what it would take to get it done.
I received the same explanation, essentially, that you did, that, yes, the data exists, but the only way to get it all is to individually go through one electronic document after another.
So while the data exists electronically, it cannot be compiled in the manner you asked for electronically. Someone would have to go through manually to those documents and put it together that is how it was explained to me.
Q. So the explanation she gave this morning was the same one she had given you?
A. Yes.
Q. Is there any reason why you couldn't produce, let's say, all of the UB-92 forms?
A. I would have to ask someone that. I know of no reason, but I am not the person to ask that.
Q. But it sounds like that is what they would do in order to go through and collect this information?
A. It sounded to me like they would have to go to those forms and then several other places.

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Q. On the payment information?
A. Right.
Q. Next, I want to ask you some questions about -- did you review the answer that the Medical Center filed in this case --
A. Yes.
Q. -- with your counsel?
A. Yes.
Q. One of the defenses that the Medical Center has raised is that the Relators, or the Plaintiffs in this case, the doctors, lack standing to bring this action. Do you have any information -- I realize that some of this is legal issues, but do you have any information to support the defense that the Relators lack standing?
MR. MULHOLLAND: I just object to the extent that you are asking for a legal conclusion; but he can answer as to his understanding of any facts that might relate to that.
A. I will probably show my limited understanding of what "standing" means, but they are not parties to the agreement, they are not affected by the agreement,

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in any detrimental manner at all.
Q. So you don't believe that the plaintiffs are proper parties to this case; is that right?
A. That's right.
Q. And that is because they don't have anything to do with the agreement, and they haven't been damaged? Is that what you mean?
A. They haven't been impacted by the agreement.
Q. Also, in the hospital's defenses, the hospital asserts that the relationship between BRMC and V&S Medical Associates fits within a Safe Harbor or within the Safe Harbor Regulations for the Medicare Antikickback Statute. What information do you have or do you know of that would indicate that there is a Safe Harbor that applies to this agreement?
A. (No response.)
Q. Again, this is based on your --
A. I believe that is information I have received from counsel.
Q. The same question with regard to the fifth defense which is an exception to the Stark Self-Referral Statute. Are you aware of anything that -- is there anything in particular that you are

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saying why this shouldn't be subject to this Stark Self-Referral Law?
MR. MULHOLLAND: Just for the record, I think our answers to interrogatories indicated both the specifics of both Safe Harbor and Stark Self-Referral exception defenses we were raising, at least with respect to the answers to interrogatories in both of those.
MR. STONE: Okay.
Q. Have you reviewed the responses? Was it in the supplemental?
MR. MULHOLLAND: I believe it was in the original responses to your interrogatories?
Q. The original responses to the interrogatories, did you review those?
A. Yes.
Q. And the exceptions and the Safe Harbors that are referred to in there, it is your understanding that those would bar or provide a defense in this case?
A. Yes.
Q. And there is also a defense in here that the certifications that are on the front of the cost

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reports that the hospital files, that those certifications are not a condition of payment for the Medicare program. Do you believe that to be true?
A. From the information I have received, yes.
Q. Is that from your own understanding of the regulations, or is that, you know, based on relying on your lawyers?
MR. MULHOLLAND: Object to any answer regarding communications from counsel. You can answer as to your own understanding.
A. My own understanding from, you know, what I know and also from conversations from our accounting firm and CFO.
Q. Finally, there is a defense that the Court lacks subject matter jurisdiction over this case. Do you have any information that would explain what you mean by that, what the hospital means by that?
A. I do not, no.
Q. One of the interrogatories that were sent out to your counsel was, "If BRMC's defenses includes reliance on advice of counsel, identify all communications to or from counsel regarding BRMC's relationship with V&S, Vaccaro and Salch, providing

the date of the communication, participants in the communication, the form of communication, whether by letter, email, memorandum, telephone, face to face, or otherwise, and a detailed description of the subject matter of the communication."

The response that was provided was that in addition to some objections, it says, "To the extent that BRMC subsequently determines to argue reliance on advice of counsel as part of its defense of good faith, BRMC shall supplement this response."

At this point in time, is the hospital asserting a defense of good faith which would incorporate an advice of counsel defense?

A. No.

MR. MULHOLLAND: We are asserting a good faith defense, but not based on advice of counsel.

MR. STONE: Mr. Leonhardt, it has been a long day for you, I'm sure. It has been a long day for all of us. I appreciate your coming in.

Does anybody else have any other questions?

MR. RYCHCIK: No.

MR. MULHOLLAND: No questions. We will reserve the right on behalf of the corporation to have the deponents read and sign.

(Whereupon, the deposition was concluded at 5:24 p.m., and signature was not waived.)

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C E R T I F I C A T E

COMMONWEALTH OF PENNSYLVANIA :
: SS.:
COUNTY OF ALLEGHENY :

I, Joy A. Hartman, a Notary Public in and for the Commonwealth of Pennsylvania, do hereby certify that before me personally appeared TINA MARIE HANNAH, GLEN ALAN WASHINGTON, and GEORGE IRONHARDT, the witnesses herein, who then were by me first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth in the taking of their oral deposition in the cause aforesaid; that the testimony then given by them as above set forth was reduced to stenotypy by me, in the presence of said witness, and afterwards transcribed by computer-aided transcription under my direction.

I do further certify that this deposition was taken at the time and place specified in the foregoing caption, and signature was not waived.

I do further certify that I am not a relative of or counsel or attorney for any party hereto, nor am I otherwise interested in the event of this action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Pittsburgh, Pennsylvania, on this 31st day of July, 2007.

The foregoing certification does not apply to any reproduction of this transcript in any respect unless under the direct control and/or direction of the certifying reporter.

Joy A. Hartman, Notary Public
in and for the Commonwealth of
Pennsylvania

My Commission expires May 9, 2010.